

**ROYAL AERO GMBH
TERMS AND CONDITIONS OF SALE**

1. Interpretation

1.1 Definitions:

Business Day: a day (other than a Saturday, Sunday or public holiday) when banks in Munich, Germany are open for business.

Component(s): the component(s) (or any part of them) set out in the Order.

Conditions: the terms and conditions set out in this document as amended from time to time in accordance with clause 12.3.

Contract: the contract between Royal Aero and the Customer for the sale and purchase of the Component(s) in accordance with these Conditions.

Customer: the person or entity who purchases the Component(s) from Royal Aero.

Force Majeure Event: an event or circumstance beyond a party's reasonable control including but not limited to acts of God, acts of Government, expropriations, eminent domain, condemnation, national, regional, or local emergency, revolution, changes in laws, regulations, or orders, terrorism, acts of third parties, acts of civil or military authority, fires, blockages, seizures or freeze of assets, government delays or refusals such as delays or refusals to grant export or import licenses or the suspension or revocation thereof, floods, earthquakes, explosions, severe weather, epidemics, quarantine restrictions, war, riot, insurrection, embargo, or delays in transportation, labour strikes, work slowdowns, lockouts, telecommunication breakdown, power outages, and other power/electricity interruptions, uncontrolled inability to obtain necessary labor, materials, components or manufacturing facilities.

Order: the Customer's order for the Component(s), as set out in the Customer's purchase order and Royal Aero's quotation.

Prohibited Jurisdiction means any country or jurisdiction, from time to time, (a) that is the subject of a Prohibition, or (b) in which, or for which Royal Aero or the Customer is otherwise prohibited or restricted, under laws, regulations, sanctions or restrictions applicable to it or its business, from extending credit, transferring property or assets, engaging in or facilitating trade or other economic activity, or otherwise doing business.

Prohibited Person means any person the subject of a Prohibition.

Prohibition means, in respect of any jurisdiction or person, any applicable law, regulation, order or directive which would render the operation, use or location of the Component(s) in such jurisdiction or by such person illegal and/or result in the imposition of civil or criminal sanctions against Royal Aero including any applicable rules, regulations orders or directives administered by the United Nations Security Council, European Union, United States of America or Germany.

Royal Aero means the supplier of the Component(s), Royal Aero GmbH (registered in Germany with company number HRB 145410)

Serviceable means a condition that renders the Component(s) eligible for the relevant serviceability tag specified in Royal Aero's quotation.

2. Basis of contract

2.1 THESE CONDITIONS APPLY TO THE CONTRACT TO THE EXCLUSION OF ANY OTHER TERMS THAT THE CUSTOMER SEEKS TO IMPOSE OR INCORPORATE, OR WHICH ARE IMPLIED BY TRADE, CUSTOM, PRACTICE OR COURSE OF DEALING.

2.2 The Order constitutes an offer by the Customer to purchase the Component(s) in accordance with these Conditions. The Customer is responsible for ensuring that the terms of the Order and any applicable specifications and part numbers submitted by the Customer are complete and accurate.

2.3 The Order shall only be deemed to be accepted when Royal Aero issues a Sales Order Acknowledgment at which point the Contract shall come into existence.

2.4 The Customer waives any right it might otherwise have to rely on any term endorsed upon, delivered with or contained in any documents of the Customer that is inconsistent with these Conditions.

2.5 Any samples, drawings, descriptive matter or advertising produced by Royal Aero and any descriptions or illustrations contained in Royal Aero's catalogues or brochures are produced for the sole purpose of giving an approximate idea of the Component(s) referred to in them. They shall not form part of the Contract nor have any contractual force.

2.6 A quotation for the Component(s) given by Royal Aero shall not constitute an offer. A quotation shall only be valid for a period of 20 Business Days from its date of issue.

3. Component(s)

The Component(s) shall be as described in Royal Aero's written quotation.

4. Packing and Delivery

4.1 Royal Aero shall deliver the Component(s) to the location set out in the Order or such other location as the parties may agree (**Delivery Location**).

4.2 Save where otherwise stated by Royal Aero, Delivery is completed on arrival of the Component(s) at the Delivery Location.

4.3 Any dates quoted for delivery are approximate only, and the time of delivery is not of the essence. Royal Aero shall not be liable for any delay in delivery of the Component(s) that is caused by a Force Majeure Event or the Customer's failure to provide Royal Aero with adequate delivery instructions or any other instructions that are relevant to the supply of the Component(s).

4.4 If Royal Aero fails to deliver the Component(s), its liability shall be limited to the costs and expenses incurred by the Customer in obtaining replacement component(s) of similar description and quality in the cheapest market available, less the price of the Component(s). Royal Aero shall have no liability for any failure to deliver the Component(s) to the extent that such failure is caused by a Force Majeure Event or the Customer's failure to provide Royal Aero with adequate delivery instructions or any other instructions that are relevant to the supply of the Component(s).

4.5 The Component(s) will be packed in accordance with ATA-300 requirements, where applicable.

5. Quality and Warranty

5.1 Royal Aero warrants that on delivery that the Component(s) shall be Serviceable (where applicable and unless sold "as removed") with the requisite serviceability tag set out in Royal Aero's quotation and shall:

- (a) conform in all material respects with their description; and
- (b) be free from material defects in material and workmanship.

5.2 Unless otherwise specified in Royal Aero's quotation, the following warranties shall be granted:

- (a) for a factory-new Component or a Component which has been overhauled, Royal Aero will provide a warranty of 6 months from the delivery date or the balance of any assignable warranty granted by the manufacturer or repairer, whichever is the greater; or
- (b) for any Component which is supplied as Serviceable, Royal Aero will provide a warranty of 3 months from the delivery date.
- (c) Subject to clause 5.4, if, the Customer gives notice in writing to Royal Aero during the warranty period within a reasonable time of discovery that some or all of the Component(s) do not comply with the warranty set out in clause 5.1;
- (d) Royal Aero is given a reasonable opportunity of examining such Component(s); and
- (e) the Customer (if asked to do so by Royal Aero) returns such Component(s) to Royal Aero's place of business at Royal Aero's cost,

Royal Aero shall, at its option, repair or replace the defective Component(s), or refund the price of the defective Component(s) in full.

5.3 Royal Aero shall not be liable for the Component(s)' failure to comply with the warranty set out in clause 5.1 in any of the following events:

- (a) the Customer makes any further use of such Component(s) after giving notice in accordance with clause 5.3;
- (b) the defect arises because the Customer failed to follow Royal Aero's, the Component manufacturer's, AMM, CMM or other applicable guidance or instructions as to the storage, commissioning, installation, use and maintenance of the Component(s) or (if there are none) good trade practice regarding the same;
- (c) the Customer alters or repairs such Component(s) without the written consent of Royal Aero;
- (d) the defect arises as a result of fair wear and tear, wilful damage, negligence, or abnormal storage or working conditions; or
- (e) the Component(s) differ as a result of changes made to ensure they comply with applicable statutory or regulatory requirements.

5.4 Except as provided in this clause 5, Royal Aero shall have no liability to the Customer in respect of the Component(s)' failure to comply with the warranty set out in clause 5.1.

5.5 The terms implied by sections 13 to 15 of the Sale of Goods Act 1979 are, to the fullest extent permitted by law, excluded from the Contract.

5.6 These Conditions shall apply to any repaired or replacement Component(s) supplied by Royal Aero.

6. End Use

6.1 The Customer warrants and represents to Royal Aero that the Component(s) shall in no event be located, operated, transferred, sold or used, directly or indirectly, in a Prohibited Jurisdiction or by a Prohibited Person in any manner that would breach or render Royal Aero liable to civil or criminal sanction.

6.2 Further, the Customer shall not sell, export or re-export, directly or indirectly, to the Russian Federation or for use in the Russian Federation any goods supplied under or in connection with this Contract that fall under the scope of Article 12g of Council Regulation (EU) No 833/2014.

6.3 The Customer shall undertake its best efforts to ensure that the purpose of clause 6.2 is not frustrated by any third parties further down the commercial chain, including by possible resellers.

6.4 The Customer shall set up and maintain an adequate monitoring mechanism to detect conduct by any third parties further down the commercial chain, including by possible resellers, that would frustrate the purpose of clause 6.2.

6.5 Any violation of clauses 6.2, 6.3 and 6.4 shall constitute a material breach of an essential element of the applicable Contract and Royal Aero shall be entitled to seek appropriate remedies, including, but not limited to:

- (i) termination of the relevant Contract; and
- (ii) a penalty of 100% of the total value of the Contract or price of the Components exported, whichever is higher.

6.6. The Customer shall immediately inform Royal Aero about any problems in applying clauses 6.2, 6.3 or 6.4, including any relevant activities by third parties that could frustrate the purpose of clause 6.2. The Customer shall make available to Royal Aero information concerning compliance with the obligations in this clause 6 within two weeks of the simple request of such information.

7. Title and risk

7.1 The risk in the Component(s) shall pass to the Customer on completion of delivery.

7.2 Title to the Component(s) shall not pass to the Customer until Royal Aero receives payment in full (in cash or cleared funds) for the Component(s) and any other components that Royal Aero has supplied to the Customer in respect of which payment has become due, in which case title to the Component(s) shall pass at the time of payment of all such sums.

7.3 Until title to the Component(s) has passed to the Customer, the Customer shall:

- (a) store the Component(s) separately from all other goods held by the Customer so that they remain readily identifiable as Royal Aero's property;
- (b) not remove, deface or obscure any identifying mark or packaging on or relating to the Component(s);
- (c) maintain the Component(s) in satisfactory condition and keep them insured against all risks for their full price from the date of delivery;
- (d) notify Royal Aero immediately if it becomes subject to any of the events listed in clause 9.1; and
- (e) give Royal Aero such information relating to the Component(s) as Royal Aero may require from time to time.

7.4 If before title to the Component(s) passes to the Customer the Customer becomes subject to any of the events listed in clause 9.1, then, without limiting any other right or remedy Royal Aero may have:

- (a) the Customer's right to resell the Component(s) or use them in the ordinary course of its business ceases immediately; and
- (b) Royal Aero may at any time:

- (i) require the Customer to deliver up all Component(s) in its possession that have not been resold, or irrevocably incorporated into another product; and
- (ii) if the Customer fails to do so promptly, enter any premises of the Customer or of any third party where the Component(s) are stored in order to recover them.

8. Price and payment

- 8.1 The price of the Component(s) shall be the price set out in the Order.
- 8.2 Royal Aero may, by giving notice to the Customer at any time up to 10 Business Days before delivery, increase the price of the Component(s) to reflect any increase in the cost of the Component(s) that is due to:
- (a) any factor beyond Royal Aero's control (including foreign exchange fluctuations, increases in taxes and duties, and increases in labour, materials and other manufacturing costs);
 - (b) any request by the Customer to change the delivery date(s), quantities or types of Component(s) ordered; or
 - (c) any delay caused by any instructions of the Customer or failure of the Customer to give Royal Aero adequate or accurate information or instructions.
- 8.3 The price of the Component(s):
- (a) excludes amounts in respect of value added tax (VAT), which the Customer shall additionally be liable to pay to Royal Aero at the prevailing rate, subject to the receipt of a valid VAT invoice; and
 - (b) excludes the costs and charges of transport of the Component(s), which shall be invoiced to the Customer.
- 8.4 Royal Aero may invoice the Customer for the Component(s) on or at any time after the completion of delivery.
- 8.5 In relation to a Component (or Components) which is/are not Serviceable and for which the Customer requires a DER repair of such Component(s) to be undertaken, the following provisions shall, unless Royal Aero specifies otherwise, apply:
- (a) The Customer shall pay to Royal Aero a deposit in the sum of 10% of the proposed PRICE prior to inspection and testing of the relevant Component(s);
 - (b) Upon receipt of the repairer's quote for repair, the Customer shall pay such costs to Royal Aero prior to the Component(s) being repaired
 - (c) The balance of the price shall be payable in accordance with these Conditions following repair.
- 8.6 In the event that the Customer fails to take delivery of the Component(s) following testing or repair as set out in clause 8.5, Royal Aero shall be entitled to retain the deposit and any repair costs paid, as applicable.
- 8.7 The Customer shall pay the invoice in full and in cleared funds within 30 days of the date of the invoice. Payment shall be made to the bank account set out in the invoice. Time for payment is of the essence. Any payments made to a bank account other than those set out in the invoice (be it by reason of mistake, third party fraud or otherwise) shall not alleviate the Customer of its payment obligation to Royal Aero.

- 8.8 If the Customer fails to make any payment due to Royal Aero under the Contract by the due date for payment, then the Customer shall pay interest on the overdue amount at the rate of 4% per annum above Commerzbank AG's base rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after judgment. The Customer shall pay the interest together with the overdue amount.
- 8.9 The Customer shall pay all amounts due under the Contract in full without any set-off, counterclaim, deduction or withholding (except for any deduction or withholding required by law). Royal Aero may at any time, without limiting any other rights or remedies it may have, set off any amount owing to it by the Customer against any amount payable by Royal Aero to the Customer.
- 8.10 Royal Aero may accept return of sold Components in certain cases and subject always to the following:
- (a) All returns are subject to approval by Royal Aero, in its sole discretion;
 - (b) Any request for return should be requested within fourteen (14) days of the date of purchase;
 - (c) A Restocking fee of 25% of the Component purchase price will be applied;
 - (d) Components shall be returned to Royal Aero at Customer's expense.
 - (e) Components shall be returned in the original condition in which they were sold to Customer.
 - (f) A non-use statement will be issued for the Component covering the period of ownership by the Customer.
- 8.11 In the event a return is accepted, a credit note will be issued only after the Component clears incoming inspection by Royal Aero and Royal Aero has received the re-stocking fee.

9. Termination

- 9.1 Without limiting its other rights or remedies, Royal Aero may terminate this Contract with immediate effect by giving written notice to the Customer if:
- (a) the Customer commits a material breach of any term of the Contract and (if such a breach is remediable) fails to remedy that breach within seven days of that party being notified in writing to do so;
 - (b) the Customer takes any step or action in connection with its entering administration, provisional liquidation or any composition or arrangement with its creditors (other than in relation to a solvent restructuring), being wound up (whether voluntarily or by order of the court, unless for the purpose of a solvent restructuring), having a receiver appointed to any of its assets or ceasing to carry on business or, if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction;
 - (c) the Customer suspends, threatens to suspend, ceases or threatens to cease to carry on all or a substantial part of its business; or
 - (d) the Customer's financial position deteriorates to such an extent that in Royal Aero's opinion the Customer's capability to adequately fulfil its obligations under the Contract has been placed in jeopardy.

- 9.2 Without limiting its other rights or remedies, Royal Aero may suspend provision of the Component(s) under the Contract or any other contract between the Customer and Royal Aero if the Customer becomes subject to any of the events listed in clause 9.1(a) to clause 9.1(d), or Royal Aero reasonably believes that the Customer is about to become subject to any of them, or if the Customer fails to pay any amount due under this Contract on the due date for payment.
- 9.3 Without limiting its other rights or remedies, Royal Aero may terminate the Contract with immediate effect by giving written notice to the Customer if the Customer fails to pay any amount due under the Contract on the due date for payment.
- 9.4 On termination of the Contract for any reason the Customer shall immediately pay to Royal Aero all of Royal Aero's outstanding unpaid invoices and interest.
- 9.5 Termination of the Contract shall not affect any of the parties' rights and remedies that have accrued as at termination, including the right to claim damages in respect of any breach of this Contract that existed at or before the date of termination.
- 9.6 Any provision of the Contract that expressly or by implication is intended to come into or continue in force on or after termination shall remain in full force and effect.

10. Liability

- 10.1 These provisions shall survive expiry or termination of the Contract.
- 10.2 Nothing in these Conditions shall limit or exclude Royal Aero's liability for any matter in respect of which it would be unlawful for Royal Aero to exclude or restrict liability.
- 10.3 Subject to clause 10.2:
- (a) Royal Aero shall under no circumstances whatsoever be liable to the Customer, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, or any indirect or consequential loss arising under or in connection with the Contract;
 - (b) The warranty at clause 5 represents the entire liability of Royal Aero, its officers, employees and agents with respect to any matter arising out of or in connection with the quality or condition of the Components any part thereof, and all other warranties, guarantees, terms, conditions, representations or liabilities (whether for direct, indirect or consequential loss or damage or otherwise) as to quality, description, standard of workmanship, condition, fitness for purpose or otherwise (whether express or implied by statute or common law) are hereby excluded to the fullest extent permissible at law.
 - (c) Royal Aero's total liability to the Customer in respect of all other losses arising under or in connection with the Contract, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall in no circumstances exceed the price of the Component(s).

- 10.4 Customer shall pay, indemnify, and hold Royal Aero harmless, in full and on demand from and against any and all claims, losses and liabilities which may be incurred by Royal Aero (regardless of when same are suffered or incurred): (a) arising directly or indirectly out of or in any way connected with the registration, performance, transportation, storage, management, sale, inspection, testing, delivery, leasing, replacement, removal or redelivery, condition, ownership, manufacture, design, maintenance, service, repair, overhaul, improvement, modification or alteration, possession, control, use, operation or other activity of the Component(s) or relating to loss or destruction of or damage to any property, or death or injury to any person caused by, relating to or arising from or out of (in each case whether directly or indirectly) any of the foregoing matters, in each case, in respect of or to the extent attributable to the period from and after Delivery or (b) as a result of the breach by the Customer of any of its obligations, representations or warranties hereunder or any documents entered into in connection therewith; provided that the indemnities from Customer contained in this Clause 10.3 shall not extend to any claims, losses or liabilities arising out of any act, omission, event or circumstance occurring in respect of the Component(s) before delivery.

11. Force majeure

Neither party shall be in breach of this Contract nor liable for delay in performing, or failure to perform, any of its obligations under this Contract if such delay or failure result from a Force Majeure Event. If the period of delay or non-performance continues for eight weeks, the party not affected may terminate this Contract by giving two weeks written notice to the affected party.

12. General

12.1 Assignment and other dealings.

- (a) Royal Aero may at any time assign, transfer, mortgage, charge, subcontract or deal in any other manner with all or any of its rights or obligations under the Contract.
- (b) The Customer may not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any or all of its rights or obligations under the Contract without the prior written consent of Royal Aero.

12.2 Entire agreement.

- (a) This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
- (b) Each party agrees that it shall have no remedies in respect of any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement. Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

- 12.3 **Variation.** No variation of this Contract shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

- 12.4 **Waiver.** No failure or delay by a party to exercise any right or remedy provided under the Contract or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

12.5 **Severance.** If any provision or part-provision of the Contract is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Contract.

12.6 Notices.

- (a) Any notice or other communication given to a party under or in connection with the Contract shall be in writing, addressed to that party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that party may have specified to the other party in writing in accordance with this clause, and shall be delivered personally, sent by pre-paid first class post or other next working day delivery service, commercial courier, or fax or email.
- (b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 12.6(a); if sent by pre-paid first class post or other next working day delivery service, at 9.00 am on the second Business Day after posting; if delivered by commercial courier, on the date and at the time that the courier's delivery receipt is signed; or, if sent by fax or email, one Business Day after transmission.
- (c) The provisions of this clause shall not apply to the service of any proceedings or other documents in any legal action.

12.7 **Third party rights.** No one other than a party to this Contract and their permitted assignee shall have any right to enforce any of its terms.

12.8 **Governing law.** The Contract, and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation, shall be governed by and construed in accordance with the law of England and Wales.

12.9 **Jurisdiction.** Each party irrevocably agrees that the courts of England and Wales shall have jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Contract or its subject matter or formation.

12.10 Without prejudice to clause 12.9, nothing herein shall prevent Royal Aero in pursuing proceedings in any court or arbitral forum of competent jurisdiction, including without limitation the courts of any territory where the Components are located from time to time.