

Commercial Terms and Conditions for Contracts for Work

(Aircraft Industries, a.s. as a Contractor)

Issued by

Aircraft Industries, a.s.

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Preamble

Aircraft Industries, a.s. (hereinafter referred to as the “**Contractor**”) issues these Commercial Terms and Conditions for Contracts for Work (hereinafter referred to as the “**CTCCW**”); they are intended to complement and form an integral part of any and all Contracts for Work entered into between the Contractor and other parties as Customers.

I.

Definitions

1. “**Price of Work**” – the final and unchangeable payment for which the Contractor will execute the Work for the Customer;
2. “**Work**” – making a thing, assembly or maintenance of a thing, carrying out an agreed repair or modification of a thing or an activity with other result;
3. “**Contractor**” – Aircraft Industries, a.s., as defined above herein;
4. “**Offer**” – a written proposal of the Contractor leading to a conclusion of a Contract for Work;
5. “**CTCCW**” – these Commercial Terms and Conditions for Contracts for Work which complement and form an integral part of each Contract for Work;
6. “**CC**” – Act No. 89/2012 Coll., Civil Code, as amended;
7. “**Contract for Work**” – an expression of will by both Contracting Parties, usually in writing, on the basis of which the Contractor is obligated to execute the Work properly and in time and the Customer is obligated to take over the properly and timely executed Work and pay the Contractor the Price of Work. The Contract for Work may also be in the form of an Offer and acceptance of such Offer;
8. “**Contracting Parties**” – the Customer and the Contractor under the Contract for Work and these CTCCW;
9. “**Customer**” – a person ordering the Work at the Contractor under the Contract for Work;

II.

Scope of CTCCW

1. These CTCCW complement the provisions of the Contracts for Work entered into between the Customer and the Contractor.
2. In case of discrepancy, the provisions of the Contract for Work shall prevail over the provisions of these CTCCW, provided that such contractual provisions are agreed in writing or in another manner that does not raise any doubts about the joint intention of the Customer and the Contractor to deviate from these CTCCW.
3. It shall be understood that any person or entity, who enters into a written Contract for Work referring to CTCCW and/or implicitly enters into a Contract for Work by accepting the Work implemented according to an Offer, which has included a reference to CTCCW, thereby accepts in full the currently valid CTCCW.

III.

Executing the Work

1. The Contractor is obligated to execute the Work at its own expense, at its own risk, at the top quality level, according to the design specifications described in the Contract for Work or, as the case may be, described by a reference sample or by technical documentation (drawings, etc.) approved by both Contracting Parties. When assessing whether the Work has been executed according to the agreed design specifications, the compliance of the Work with technical documentation will be the most important factor.
2. The Contractor may assign execution of the Work or part of the Work to another entity. However, the Contractor will always remain liable to the Customer for execution of the Work, or part thereof, by such a third party.
3. When determining the manner of execution of the Work, the Contractor is bound by the Customer’s instructions. The Contractor is obligated to notify the Customer, if the Customer’s instructions are inappropriate. If the Contractor fails to inform the Customer that the Customer’s instructions are inappropriate, the Contractor will be liable for any potential defects in the Work and any damage caused by executing the Customer’s inappropriate instructions.
4. The items which are required for execution of the Work will be handed over by the Customer to the Contractor at the Contractor’s registered office within the deadline set in the Contract for Work, or within the deadline according to Article IV (4).
5. The items required for execution of the Work must be suitable for execution of the Work. The Contractor is entitled to point out to the Customer any defect of an item intended for the execution of the Work and handed over by the Customer to the Contractor. In this case, the Customer shall hand over to the Contractor the items intended for the execution of the Work without undue delay after the Contractor has pointed out the defects. The deadline for delivery of the Work to the Customer shall be extended by the time of the Customer’s delay in handing over the items intended for the execution of the Work.
6. The risk of damage to the items required for execution of the Work will be borne by the Contractor from the moment of taking over these items. The Contractor shall be liable for any damage caused by an item it used for executing the Work.
7. The Contractor must treat the items required for execution of the Work in the manner prescribed in technical standards or in a manner that is customary with regard to these items. At the same time, the Contractor is obligated to store these items separately from the Contractor’s own items and from the items belonging to other parties. At the same time, the Contractor is obligated to mark these items by the Customer’s company name. The Contractor shall observe special conditions for storing and using items taken over from the Customer to execute the Work if it has been advised of such special conditions by the Customer in writing in advance.
8. The Customer has the right to inspect execution of the Work or have such execution inspected by an authorized person upon the prior written agreement with the Contractor. The Customer shall reimburse the Contractor for the demonstrable, reasonably incurred costs of the inspection carried out by the Customer.
9. Any extra work shall be mutually agreed between both the Contracting Parties in advance.
10. If the Work or its part is subject to the industrial or other intellectual property rights, the Contractor is entitled to provide the Work or its part to other entities than the Customer.

IV. Handing Over the Work

1. The Contractor shall execute and hand over the Work in a proper and timely manner.
2. If it is agreed in the Contract for Work, the Contractor shall demonstrate the Customer the fitness of the Work to serve its purpose in the Contractor's registered office at the presence of the Customer, or a person authorised by it, before the handover of the Work.
3. Handing over the Work means a formal takeover of the Work by the Customer. Based on the formal handover of the Work, the Customer confirms a delivery note in case the Work represents making of a thing, or a report on the formal acceptance of the Work by the Customer is made in case of any other Work.
4. Unless agreed otherwise in the Contract for Work, the handover of the Work shall take place under EXW Kunovice (the registered office of the Contractor) in accordance with INCOTERMS 2020. In case of handing over the Work at the Contractor's registered office, the Customer shall take over possession of the Work on weekdays and during the Contractor's business hours, i.e. from 6.00 a.m. to 2.30 p.m. Any other time of taking over the Work must be agreed in advance between the Customer and the Contractor.
5. The Contractor is entitled to hand over the Work by partial deliveries unless otherwise specified in the Contract for Work.
6. If the Customer fails to take over the Work in the manner and within the time limit set out in the Contract for Work, this shall be considered a material breach of the Contract for Work and the Contractor shall be entitled to withdraw from the Contract for Work without notice. The Contractor shall be entitled to claim compensation for damage resulting therefrom.
7. The Customer shall acquire the ownership to the Work as soon as the Price for the Work has been paid at full.

V. Price of Work and Payment Terms

1. The Price for the Work is agreed in the Contract for Work and it includes any and all costs associated with executing the Work.
2. The Price of Work is binding both on the Contractor and the Customer. Where the Price for the Work is determined by a budget, such budget shall be given subject to the condition that its completeness is not guaranteed and the budget is non-binding.
3. The Customer will pay the Contractor the Price of Work and, as the case may be, make other payments according to the invoice issued by the Contractor. The invoice must especially contain the number of the Contract for Work, the identification data of both the Contractor and the Customer, including Contractor's bank details, specification of the Work, the Price of Work, currency, invoice issue date, the date of taxable supply, the invoice due date and other information that was agreed upon in advance by the Parties or that is required by law.
4. Unless agreed otherwise in the Contract for Work, the invoice due date occurs no earlier than 30 calendar days after the moment when the invoice was for the first time available to the Customer.
5. Any financial liabilities of the Customer vis-à-vis the Contractor shall be deemed to have been settled upon the moment when the respective amount is credited to the Contractor's account.
6. If the Customer fails to meet its obligation to pay the Price of the Work within the due term, the Contractor shall be entitled to claim a contractual penalty amounting to 0.05% per day of the debt. The right to claim damages shall remain unaffected.
7. If the duration of the Customer's delay exceeds 30 days, the Contractor shall have the right to withdraw from the Contract for Work. Such withdrawal from the Contract for Work shall be made in

writing and it is without prejudice to the Contractor's right to claim a contractual penalty or to claim damages.

8. If payment of the Price of the Work has been agreed in instalments and the Customer has fallen into default with the payment of any instalment, the Contractor is entitled to demand that the Customer settle the entire claim (loss of the benefit of instalments).
9. The Customer shall provide the Contractor with the required security for the Contractor's claims against the Customer upon the Contractor's written request, within the period specified by the Contractor in such written request.
10. The Customer is not entitled to make payments under the Contract for Work conditional upon anything.

VI. Liability for Defects in the Work and Warranty

1. The Contractor will be liable for defects in the Work existing at the time of handing over the Work to the Customer or, if the risk of damage to the Subject of Work passes on to the Customer later, at the time of such passing.
2. The Contractor shall also be liable for any defect arising after the risk of damage to the Work has passed if it is caused by a breach of the Contractor's obligations.
3. The Contractor guarantees the quality of the Work (including the deliverable), if so stipulated in the Contract for Work, for the time period specified in the Contract for Work, under the following conditions:
 - a) the warranty shall guarantee that the Work executed has the agreed, and unless agreed, then common properties, which will be retained throughout the warranty period;
 - b) the warranty period will start at the moment of handing over the Work. The warranty period will be extended by the time when the Customer cannot use the Work due to defects which are the responsibility of the Contractor.
4. The Contractor shall be obliged to reimburse the Customer for any demonstrable and reasonable costs purposely incurred by the Customer in connection with any justified quality warranty claims or in connection with any justified claims arising from the defects of the Work Excl. VAT, up to a maximum of the purchase Price of the Work excluding VAT. The costs incurred by the Contractor in connection with justified exercising of the warranty or any claim for defects in the Work will be borne by the Contractor. In case of unjust assertion of warranty for quality or a claim arising from the defects of the Work by the Customer, all costs shall be borne by the Customer.
5. It is always at the Contractor's discretion to choose the method of exercising the claims concerning liability for defects. The Contractor is entitled to:
 - a) have the defects removed by executing substitute Work free of defects, executing the missing Work and removing legal defects; or
 - b) have the defects remedied by repair of the Work provided that the defects are repairable; or
 - c) grant the Customer a reasonable discount off the Price of the Work.
6. In case that a defect of the Work is not remedied by the Contractor, the Customer shall be entitled to withdraw from the Contract for Work in writing.
7. An application of the right from the warranty for quality of the Work or defects of the Work has no effect on Customer's obligation to pay the Contractor the Price for the Work.
8. Notwithstanding any other provision of the CTCCW, if the Contractor is obliged to compensate the Customer for damage, the

Contractor shall compensate the Customer for the actual damage up to the amount of the Price of the Work excluding VAT.

9. Damage to things that occurs after the risk of damage to the things has passed to the Customer shall not affect the Customer's obligation to pay the Price of the Work.
10. The Contractor shall not be liable for any delay in performance of obligations or for failure to perform obligations under the Contract for Work if such delay or failure is due to an insurmountable obstacle that arose beyond the Contractor's control (hereinafter referred to as "Force Majeure"). The deadline for handing over the Work to the Customer shall be extended by the duration of Force Majeure.

VII. Re-Export Ban

1. The Customer shall not sell, export or re-export, directly or indirectly, to the Russian Federation or for use in the Russian Federation any Work or items forming part of the Work performed under or in connection with the Contract for Work which falls within the scope of Article 12g of Council Regulation (EU) No. 833/2014.
2. The Customer shall make every effort to ensure that the purpose of the provision in paragraph 1 of this Article is not frustrated by any third parties further down the business chain.
3. The Customer shall establish and maintain an adequate monitoring mechanism to detect the behaviour of any third parties further down the business chain, including potential resellers, which could frustrate the purpose of paragraph 1 of this Article.
4. Any breach of paragraphs 1, 2 and/or 3 of this Article shall constitute a material breach of the Contract for Work and the Contractor shall be entitled to seek appropriate remedies, including but not limited to: (i) the Contractor's right to immediately withdraw from the Contract for the Work, as well as from all other purchase orders/agreements concluded between the parties that have not been executed as of the date of such withdrawal; and (ii) a contractual penalty in the amount of the Price of the Work specified in the Contract for Work.
5. The Customer shall immediately inform the Contractor of any problems in the application of paragraphs 1, 2 and/or 3 of this Article, including any relevant activities of third parties that could defeat the purpose of paragraph 1 of this Article. The Customer shall provide the Contractor with information concerning the fulfilment of the obligations under paragraphs 1, 2 and/or 3 of this Article within 2 (two) weeks of the simple request for such information.
6. The Customer shall provide the Contractor with a signed end-user certificate in a form provided by the Contractor, confirming compliance with all applicable export control legislation, international sanctions and embargoes, and shall provide the Contractor with all information reasonably required for end-user verification. In the event of non-delivery of the end-user certificate or a negative result of the end-user verification by the Contractor, the Customer is entitled to withdraw from the Contract for Work.

VIII. Final Provisions

1. The Contracting Parties undertake to keep confidentiality vis-à-vis third parties in relation to any and all facts they come to know about in connection with the performance of the Contract for Work under these CTCCW.
2. The Contractor may update these CTCCW. The Contractor will inform the Customer about these CTCCW via the Contractor's website and by making a reference to these CTCCW in the Contract for Work.

3. The newly updated version of these CTCCW will apply to all new Contracts for Work. The original contracts will be implemented according to the original version of CTCCW, unless the Parties agree otherwise.
4. Termination of the Contract for Work and/or these CTCCW or any of their provisions will not result in the termination of any claims for defects in the Work nor in the termination of the right to charge a penalty or to claim compensation for damage.
5. The Customer shall not be entitled to assign, as a whole or in part, its liabilities and receivables under the Contract for Work, or assign the Contract for Work to any third party without the Contractor's previous written consent; otherwise such act shall be invalid. The Customer is not entitled to unilaterally set off its claims from the Contract for Work against the Contractor's claims against the Customer.
6. Any legal relationship arising from agreements and from CTCCW shall be governed by the law of the Czech Republic, in particular by the Civil Code.
7. If any of the provisions of the Contract for Work (including CTCCW) becomes invalid or ineffective, the validity and effect of the remaining provisions of the Contract for Work shall not be thereby affected. In such case, invalid or ineffective provisions shall be replaced by the Contracting Parties by such valid and effective provisions which will have the same purpose and will have the same economic impact.
8. An acknowledgement of the Offer for entering into Contract for Work within the meaning of Section 1740 (3) of CC with an addendum or derogation which does not significantly change terms and conditions of the Offer, shall not mean acceptance of the Offer for entering into the Contract for Work. An acknowledgement of the Offer within the meaning of Section 1751 (2) of CC shall not mean acceptance of the Offer for entering into the Contract for Work.
9. The application of the provisions of Section 558 (2) of CC, regulating the application of business customs, shall be excluded.
10. The application of the provisions of Section 1757 (2) and (3) of CC, regulating a manner of concluding an agreement in the form of an acknowledgement letter, shall be excluded.
11. The Customer assumes the risk of changing circumstances.
12. The Contractor and the Customer must attempt to resolve any and all disputes arising from the Contract for Work and these CTCCW through negotiations. If negotiations fail, the dispute will be dealt with by a court of competent territorial jurisdiction based on the Contractor's registered office.
13. The Customer declares that it processes personal data of natural persons in accordance with Regulation (EU) No 2016/679 of the European Parliament and of the Council. The latest detailed information on the processing of personal data is available at www.let.cz.
14. The Parties hereby declare that at no time prior to the conclusion of the Contract for Work has either Party or its representative committed any act that could be considered corruption (e.g. bribery, influence peddling, clientelism, etc.).
15. The Parties also declare that they do not tolerate any form of corruption and undertake to take all appropriate and available measures to prevent corruption on the part of their employees, agents, contractors and intermediaries and other third parties.
16. These CTCCW come into force on 18 December 2024.

Kunovice, 18 December 2024

Aircraft Industries, a.s.
Alena Medová
Chairman of the Board of Directors