



General Terms:

1. Definitions:

- 1.1. "Aeronautics" or the "Company" – Aeronautics Ltd.
- 1.2. "General Terms" – The terms specified in this document only.
- 1.3. "Order" – An order for goods made by Aeronautics through a purchase order form approved by the Supplier and signed by Aeronautics.
- 1.4. "Supplier" – The supplier of the goods specified in the Order, and those acting on its behalf, including its employees or subcontractors.
- 1.5. "Force Majeure" – Any action or activity that was not caused by the Supplier and is not under the control of the Supplier, such as: natural disasters, including fire, flooding, general strike and/or shutdown (including ports), orders or restrictions by public authorities, a binding decision by the Ministry of Defense or any other government body.
- 1.6. "Knowledge" – Any technological, commercial, or other information, including but not limited to trade secrets and other proprietary rights, which may encompass inventions, patents (whether registered or unregistered), patent applications, licenses, designs (whether registered or unregistered), discoveries, techniques, methodologies, data, engineering information, biological and chemical information, information related to manufacturing processes, production methods, testing methods, specifications, drawings, diagrams, prints, parts lists, knowledge, programs, passwords, symbols, codes, enhancements, improvements, inventions, trade names, and any other information, whether in written or oral form, or in any printed, optical, electronic, or other media.
- 1.7. "Prior Knowledge" – Knowledge that was in the possession of a party to this Agreement or knowledge that was acquired, received, or developed outside the scope of this Order.
- 1.8. "New Knowledge" – Knowledge developed by the Supplier in the performance of this Order and/or as a result of its execution or arising therefrom.

2. General

- 2.1. In any event of a contradiction between the General Terms and the Order, the provisions of the General Terms shall prevail, unless explicitly otherwise stated in the Order.
- 2.2. The Order terms and General Terms shall constitute the complete and exclusive agreement between the Company and the Supplier. With the signing of the Order by the parties, any document, agreement or memorandum, oral or written, relating to the Order and prepared or agreed upon prior to signing the Order, in writing or



otherwise, are null and void, except for a purchase agreement or a service agreement if signed between the parties and specified in the Order.

3. Execution of the Order

- 3.1. The goods and services specified in the Order (hereinafter the “**Ordered Goods**” and/or “**Order Subject**”) shall be provided to Aeronautics in the quality, measures, and material types, and processed, as required in the specifications and bearing documentation, all pursuant to the Order and any document approved by Aeronautics that was attached to or forms part of the Order, and in any event the Ordered Goods shall be made of the best quality materials and with excellent craftsmanship fitting their purpose. The Supplier shall manufacture the Ordered Goods in full conformity with the models or product case or any other means provided to it.
- 3.2. The Order Subject to be provided to the Company shall be in accordance with the terms of the Order, including any accompanying document (such as specifications and/or drawings and/or sketches that are part of the terms of the Order, hereinafter the “**Data Documents**”), and shall be identical to the models or examples specified in the Order. The Supplier shall not have any right to determine the Data Documents itself.
- 3.3. The Supplier warrants that the Order Subject is of high quality, standard, skill, and professionalism, and complies with all Israeli standards and/or other binding official standards applicable to the Order Subject, in whole or in part, whether or not provisions regarding material quality, work description, or other data related to the Order Subject are specified in the documents.
- 3.4. The Supplier undertakes to ensure that all equipment and/or materials and/or instruments (including specialized equipment and spare parts) required for the execution of this Order, including equipment required for its employees, are available and at its disposal for executing the Order at its expense.
- 3.5. Items and/or raw materials and/or manufacturing tools and/or knowledge that the Company paid for shall be owned by the Company, from the date of their purchase and/or possession and/or development and/or production by the Supplier.
- 3.6. The Supplier commencing execution of the Order or delivery of the Order Subject to the Company, in whole or in part, according to the circumstances, shall be considered as the Supplier agreeing to accept the Order including all its terms, even if it did not approve and/or sign a copy thereof.

4. Delivery Date

- 4.1. The Supplier undertakes to comply with the delivery date specified in the Order (hereinafter the “**Delivery Date**”).
- 4.2. Delivery of the goods before the Delivery Date is subject to prior written approval by the Company.



- 4.3. Should the Supplier fail to meet the Delivery Date due to circumstances that are not Force Majeure (as defined above), the Supplier shall pay the Company as agreed liquidated damages an amount equal to half a percent (0.5%) of the Ordered Goods price for every week of delay, including any part thereof, up to a maximum amount equal to ten percent (10%) of the Ordered Goods price.
- 4.4. Aeronautics reserves the right to postpone the delivery date by up to 90 days, given a 14-day advance notice before the Delivery Date. Such delay, if requested by Aeronautics, shall not incur any additional cost to the Company.

5. Delivery Method

- 5.1. The Supplier shall deliver the Ordered Goods in accordance with and as specified in the Order, accompanied by all the necessary documents and approvals for accepting them.
- 5.2. The Supplier shall package the goods according to the instructions in the Order; in the absence of explicit instructions in the Order, the Supplier shall package the goods according to the accepted standard for packaging goods of this type; and in the absence of an accepted standard, the Supplier shall package the goods in a way that ensures their integrity and proper working order.
- 5.3. The Supplier shall insure the Ordered Goods until they are delivered to the Company.
- 5.4. The Ordered Goods are to be delivered with a certificate of delivery indicating the order number, the SKU of Aeronautics for each item, the quantity delivered, and a tax invoice for the delivered order line.

6. Inspection of the Goods

- 6.1. Aeronautics reserves the right to inspect the Ordered Goods, either directly or through others, both at the Supplier's facilities and upon arriving at its premises, as applicable. The Supplier shall allow the Company to carry out said inspections at any time, free of charge.
- 6.2. It is hereby agreed that Aeronautics representatives have the right to access the Supplier's premises to conduct such inspections, by prior arrangement.

7. Receipt of the Goods

- 7.1. Aeronautics shall be permitted to refuse to accept all or some of the Ordered Goods, if it believes that they do not comply with the terms of the Order or that they are otherwise defective.
- 7.2. Without prejudice to any right of Aeronautics under the Order and/or the General Terms, Aeronautics is permitted to inspect any product delivered to it and to notify the Supplier in writing, within thirty days from the Date of Delivery ("**Acceptance Period**"), of the rejection of a specific product or complete shipment, due to its failure to meet the requirements of the Order. It is clarified that the Supplier shall



not be entitled to payment for goods rejected and denied by Aeronautics in accordance with the provisions of this clause.

- 7.3. Such inspection or non-inspection of Ordered Goods on the part of Aeronautics during the Acceptance Period shall not release the Supplier from its liability under other provisions of the Order or these General Terms, and are not to be considered a waiver of the Supplier's liability for the Ordered Goods and their compliance with the requirements specification.

8. Quality Requirements

The Supplier warrants that execution of the Order and the delivery of the Ordered Goods are performed pursuant to all the quality requirements found here: <https://aeronautics-sys.com/quality-control/> (Quality Requirements for Suppliers).

9. Liability for Damages

- 9.1. The Supplier shall be fully and exclusively liable for any loss and/or damage and/or expense and/or personal injury and/or property damage that may be caused to the Supplier and/or its employees and/or any other person acting on its behalf and/or to the Company and/or its employees and/or any third party, for any act and/or omission of the Supplier and/or its employees and/or any other person acting on its behalf, provided there is a link and/or association and/or connection between the loss and/or expense and/or personal injury and/or property damage as detailed above, and between the works and/or services the Order concerns, including due to the performance of the works and/or services and/or the employees and/or anyone acting on behalf of the Supplier that is to perform the services, whether the above damages were caused solely and exclusively due to the fault of the Supplier and/or its employees, and whether the aforementioned damages were caused by the fault of the Supplier and/or its employees together with the fault of other factors and/or other harmful agents. Everything stated in this clause is supplemental and does not detract from the Supplier's legal liability.
- 9.2. In the event that the Company furnishes hazardous materials and/or hazardous components to the Supplier and/or in the event that the Order Subject requires the execution of hazardous work and/or a hazardous process, all the liability connected to this shall apply to the Supplier.
- 9.3. For the avoidance of doubt, it is hereby emphasized that the Company is not obligated to compensate the Supplier and/or its employees and/or its agents and/or any third party for any damage caused as a result of the Order's execution, and such liability is to apply solely to the Supplier. The Supplier shall indemnify the Company for any damage it incurs and/or any complaint filed against it, where the Supplier bears such liability.
- 9.4. Without detracting from the above, in any event where the Company is sued for damages caused as a result of the Order Subject, it shall inform the Supplier, which



is hereby required to assist it in managing the defense. The Supplier undertakes to indemnify the Company for all costs associated with managing the defense, and to compensate the Company for any amount it will be required to pay, whether pursuant to a court ruling or a settlement agreement.

10. Insurance

- 10.1. The Supplier shall indemnify Aeronautics, at its first request and subject to providing written evidence, for any amount Aeronautics is required to pay and/or charged with paying for damage or loss the Supplier is liable for, per the terms of the Order and the General Terms, including clauses 3, 7, 9, and 10 of these General Terms. The indemnification undertaking shall be limited to the amounts Aeronautics is required to pay to the Supplier per the Order.
- 10.2. The Supplier undertakes to, at its own expense, insure its liability under the Order, including product liability insurance and third party insurance in effect that also includes coverage for personal injury.

11. Liability for the Ordered Goods

- 11.1. Unless a different period is specified in the Order, the Supplier shall be liable for a period of 12 months (hereinafter the "**Warranty Period**") for any shortcoming, breakdown, nonconformity, or other defect discovered in the Ordered Goods or any part thereof, which arises from the quality of performance or the quality of the materials from which they were made, or from any nonconformity with the terms of the Order, or as a result of faulty storage or handling and any other defect caused by an act or omission of the Supplier (hereinafter the "**Defective Goods**"). The Warranty Period begins with a confirmation of receipt for the goods by Aeronautics, in accordance with the provisions of clause 7 above.
- 11.2. Upon request by Aeronautics, the Supplier shall provide the RMA (Return Merchandise Authorization) number, and during the three days following the request, it shall provide an initial inquiry report.
- 11.3. The Supplier shall immediately and at its own expense repair or replace any shortcoming, breakdown, nonconformity or defect, and it shall also compensate Aeronautics for the entire damage or loss it sustained as a result, without derogating from any right the Company has under applicable law.
- 11.4. Collecting the Defective Goods and returning them after repair or replacement is the responsibility of the Supplier, at its own expense and in coordination with Aeronautics.
- 11.5. For any such replacement or repair, a repair report shall be provided that includes the Aeronautics SKU, serial number (if applicable), a description of the malfunction findings, and a description of the repair.
- 11.6. The time period during which the item was being repaired or replaced by the Supplier shall be added to the Warranty Period, and in any event, the liability for



the repair or for the replaced parts shall be no less than six months from the date the Company received the item in proper working order.

12. Changes to the Order

- 12.1. Aeronautics is permitted to change the terms of the Order via written notice to the Supplier that is sent up to 14 days before the Delivery Date (hereinafter the “**Change Request**”), and the Supplier undertakes to execute the Order according to such changes.
- 12.2. If a message is not delivered to Aeronautics in writing within three days from the date of receiving the Change Request, the Supplier will be deemed to have waived any claim or demand on its part in connection with changing the Order, and it undertakes to execute it verbatim within the framework of the Order budget obtained from the Company.

13. Fixed Price

- 13.1. The prices set in the Order are agreed upon, final, and predefined, and VAT shall be added to them as required by law.
- 13.2. Unless explicitly stated otherwise in the body of the Order or by written consent order of a change in accordance with the terms of clause 12 above, Aeronautics shall not pay any additional amounts as a result of any changes, including but without derogating from the generality of the foregoing: cost of living index, exchange rates, production expenses, labor costs, material prices, taxes, levies, mandatory payments, etc.
- 13.3. Payments in foreign currency shall be made according to the exchange rate on the day the invoice is issued or by decision of Aeronautics through payment of the principal in foreign currency, and VAT in New Israeli Shekels, according to the representative exchange rate on the day the invoice is issued.

14. Payments

- 14.1. Aeronautics shall pay the Supplier the amounts set out in the Order, per the payment terms specified in the Order, subject to receiving the Ordered Goods and inspecting them as stipulated in clauses 6 and 7 of the General Terms, and against the Supplier furnishing a tax invoice as well as approvals regarding tax being duly withheld and books of account being duly kept, if required by Aeronautics.
- 14.2. The parties agree and the Supplier knows that in the event of a rejection as detailed in clause 7.2, Aeronautics is permitted to withhold amounts owed to the Supplier per the prices of the goods that were rejected by Aeronautics; the Supplier hereby undertakes to refund the Company any amount actually paid for goods that were rejected and denied by the Company.



- 14.3. Payment to the Supplier does not constitute any approval on the part of Aeronautics in respect of the Order being executed, nor does it constitute a waiver of any of its rights, including in connection with complaints against the Supplier.

15. Voluntary Cancellation and Cancellation Due to a Violation

- 15.1. The Supplier knows that Aeronautics reserves the right and is permitted to cancel the Order for a justified reason by providing the Supplier with 30-day advance notice. Providing notice of canceling the Order shall not be considered a violation. For the content of the Order that was canceled by Aeronautics for reason of convenience, Aeronautics shall pay the Supplier its actual costs, where such are detailed and proven by relevant references, including for any non-cancelable commitment, including a reasonable profit not exceeding 15% of the proven and approved direct costs, offsetting any amount received by the Supplier for executing the Order.
- 15.2. Without derogating from the foregoing, if the Supplier breaches any of the terms of the Order or the General Terms and does not remedy the breach within 14 days from the date Aeronautics provided notice, Aeronautics shall be permitted, without prejudice to its right for any other remedy under the provisions of the Order or the General Terms or under any law, to immediately cancel the Order and forfeit the amounts owed to the Supplier for the work or for the Ordered Goods it supplied until the date of such breach, as well as any guarantee provided to the Company, as advance liquidated damages. For the purpose of this clause, "material term" means each of the Order terms as well as the General Terms specified in clauses 3, 4, 5, 6, 8, 9, 10, 11, 15, 17, 18, 19 and 20.

16. The Supplier Providing a Warranty to Others

- 16.1. Should the contractual engagement with the Supplier be terminated early, for any reason, Aeronautics shall be permitted to transfer performance of the Supplier's obligations, in whole or in part, to any third party.
- 16.2. Should such transpire due to the Supplier breaching the agreement, Aeronautics shall be permitted to offset from the amounts owed to the Supplier the additional payment that Aeronautics will be required to pay to the substitute supplier, to the extent that such additional payment is required.

17. Property of Aeronautics and/or the End User

- 17.1. Any and all information, software, materials, equipment, tools, and goods provided by Aeronautics and/or the end user, including specifications and designs, are owned solely by Aeronautics and/or the end user. These items must only be used by the Supplier to fulfill the Order. The Supplier must store these items separately and label them so they are easily identifiable as the Aeronautics property. In case of



termination, in any reason, the Supplier will receive instructions from Aeronautics and/or the client for returning these items.

- 17.2. Upon the arrival of the items to the Supplier, it will be assumed in good condition and suitable for the Order, unless the Supplier alerts Aeronautics in writing within 14 days of receiving them. The Supplier must also provide evidence and reasons to support this claim within that period, except if there is a hidden defect that was not discoverable by normal inspection, in which case the 14-day period will start from the discovery of the defect.
- 17.3. While the Supplier possesses these items, the Supplier is fully responsible for their care and for any direct loss or damage to them, except for normal wear and tear resulting from reasonable use. This responsibility applies regardless of the cause, including if the damage is due to the Supplier's negligence or caused by others.

18. Ownership of Knowledge

- 18.1. Any prior knowledge provided by Aeronautics to the Supplier shall remain the exclusive property of Aeronautics. Any prior knowledge owned by the Supplier shall remain with the Supplier. All rights, including intellectual property rights pertaining to any new knowledge, shall be solely vested in Aeronautics.
- 18.2. The Supplier may utilize Aeronautics' prior knowledge and the new knowledge solely for the purpose of fulfilling the order and for no other purposes. This restriction applies to both compensated and uncompensated uses. Notwithstanding the foregoing, Aeronautics may permit the Supplier to use Aeronautics' prior knowledge in specific instances, provided that both parties agree in writing to the terms, conditions, limitations, and duration of such use prior to its occurrence.

19. License for Supplier's Prior Knowledge

- 19.1. The Supplier hereby grants Aeronautics a perpetual, irrevocable, and unrestricted license to use the Supplier's prior knowledge related to the order, strictly for the purpose of using the supplied products. This license shall be non-cancelable and shall have no time limitations, and it shall permit the granting of sub-licenses.
- 19.2. Without limiting the generality of the foregoing, it is hereby clarified that the aforementioned license encompasses the right of Aeronautics to engage in limited use solely for the purposes delineated above (including but not limited to copying, reproducing, modifying, etc.) of all documents, specifications, plans, tables, models, samples, information, records, or data, whether complete or partial, whether oral, written, in tangible form, on paper, or in software, that constitute part of the Supplier's prior knowledge, as well as any other materials included in the annexes to the Order. Aeronautics shall not be obliged to notify the Supplier or any of its representatives, nor shall it be required to obtain additional consent from the Supplier for any use made of the prior knowledge. The compensation for the license



described herein shall be included in the compensation payable to the Supplier as stipulated in the Order.

20. Prohibition of Conversion

20.1. The Supplier shall not transfer or convert, in any way, the execution of the Order, in whole or in part, as well as any right or warranty thereof under the Order and General Terms, to any third party, without Aeronautics' prior written consent. Aeronautics shall be permitted, without the need for the Supplier's consent, to assign to a third party all its rights under the Order and General Terms.

21. Offset

21.1. Aeronautics shall be permitted to offset any right owed to the Supplier under the Order against any amount it is or will be owed by the Supplier, in accordance with the Order provisions and the General Terms.

22. Waiver of Lien

22.1. The Supplier hereby waives any lien that it may have under law.

22.2. The Company is permitted to withhold funds from the Supplier it is owed and in its possession from time to time, if the Supplier does not fulfill its obligations under this Order or any other agreement between the parties. No linkage and/or interest whatsoever is to be paid for such withholding of funds.

23. Supervision of Military Export

23.1. The Supplier undertakes to ensure at its expense to obtain all licenses (both Israeli and foreign), including export licenses, re-export licenses, brokerage licenses, and all other approvals, and to perform all necessary procedures, customs and others, required to enable Aeronautics to receive and export, including re-export, the goods by Aeronautics and/or its customers, whose identity has been provided to the Supplier.

23.2. The Supplier shall notify Aeronautics in writing, upon it becoming aware, of the need for a declaration and/or license in connection with the Ordered Goods, including a copy thereof, and it shall update Aeronautics whenever there is a requirement to sign a declaration or obtain a license for any of the Ordered Goods. Upon obtaining such license, if required, the Supplier shall send Aeronautics a written report regarding the license number and its limitations.

23.3. The Supplier declares and warrants that at the time of signing this agreement, for the purpose of executing this Order there will be no need for goods requiring a license and/or declaration of use/user declaration from the US and/or from any other place. Should goods be required that necessitate a license and/or declaration of use/user declaration as stated, the Supplier shall obtain Aeronautics' advance written consent.



23.4. For the avoidance of doubt, it is clarified that deliverables received from Aeronautics may include controlled items subject to declarations and/or licenses and any other authorizations, which include terms and restrictions regarding end use and end users. Accordingly, such deliverables shall not be transferred to any third party, whether in Israel or abroad, except in accordance with Aeronautics' prior written instructions.

24. Data Protection and Privacy

The Supplier acknowledges and agrees that the Company may collect, process, and store personal data related to the Supplier and/or its representatives in connection with the Order, all in accordance with the "Aeronautics Privacy Policy for Suppliers." The Supplier undertakes to bring the existence and contents of said Privacy Policy to the attention of any data subject on its behalf, whose personal data may be provided to the Company.

25. Waivers

No waiver, abstention from actions or granting of extensions on the part of Aeronautics shall be considered a waiver of its rights under the Order, nor shall it serve as an obstacle against the Supplier, unless done expressly in writing by Aeronautics' authorized representatives.

26. Independent Contractor

The Supplier declares that it is carrying out the work and other obligations under the Order as an independent contractor and that there is not nor will there be any employment relationship between the Supplier and Aeronautics, or between Aeronautics and the Supplier's employees.

27. The Supplier's Representatives

The Supplier agrees that the signature of its driver, employee, or agent, or any other person on its behalf or that appears to be on its behalf, shall bind it in all matters relating to the Order.

28. Notices

All notices in connection with the Order shall be given in writing and delivered by hand, email, fax, or mail, to the addresses specified in the Order. The Supplier shall provide any report required by Aeronautics in connection with the delivery of the Ordered Goods.

29. Governing Law and Venue

Israeli law is to apply to the Order and General Terms, and the competent court in Tel Aviv-Yafo shall have exclusive and sole jurisdiction.

30. Miscellaneous



- 30.1. The Supplier hereby declares that the signature of its driver, employee, agent or anyone acting on its behalf in connection with the Order is binding upon it for all intents and purposes.
- 30.2. The Supplier declares that it is a limited liability company or an authorized dealer that duly keeps books of account in Israel, which has in its possession a confirmation pursuant to the Public Bodies Transactions Law, 5736-1976, and shall remain so during the period the Order and its obligations thereunder are being executed.

Confirmation of the Order and/or delivery of goods under the Order and/or invoice delivery under the Order constitutes confirmation that the Supplier has accepted all the General Terms detailed above and agrees to them.