Airline Management Group Limited
3rd Floor, Great Titchfield House,14-18 Great Titchfield Street, London, W1W 8BD, United Kingdom
Company Registered Number: 08958881

14th March 2025

Croatia Airlines,
Croatian Air Transport Company Ltd,
Bani 75B, Buzin,
10010 Zagreb,
Croatia

Agreement for the provision of Consulting Services for Crew Management, Croatia Airlines
Procurement Number: CTN-HR-MV-17/24

This letter, together with the attached Schedule and General Terms and Conditions, which form part of and are incorporated by reference herein, sets forth the agreement ("Agreement") between:

- **Croatia Airlines d.d.**, with its registered office at Bani 75B, Buzin, 10010, Croatia, OIB: 24640993045, represented by Jasmin Bajić, President and CEO ("OU" or the "Client") and
- **Airline Management Group Limited**, whose registered address is at 3rd Floor, Great Titchfield House,14-18 Great Titchfield Street, London, W1W 8BD, United Kingdom ("AMG" or the "Company")

for the engagement of AMG to provide aviation professional services to the Client. References to "Party" or "Parties" below mean a party or the parties to the Agreement (as case may be).

1. Background

Croatia Airlines is the flag carrier, a member of Star Alliance, and strategic component of Croatia's infrastructure, ensuring optimal air connectivity within the Republic of Croatia and with the rest of the world, thereby contributing to the development of tourism and the Croatian economy.

The Post Covid Strategy developed in 2021 targeted increased efficiency of business operations, ensuring competitiveness, initiating a fleet renewal and network optimisation. In 2022 the decision was taken replace its current fleet of 6 x A320/A319s and 6 x Q400s and transition to a single fleet of A220s by 2026. 2023 was a year of global recovery for the airline industry, Croatia Airlines grew it's network operating 47 international routes, connecting Croatia with 25 airports and 24 international destinations.

The first A220 joined the fleet in July 2024, the second in December 2024, and 6 more are expected to be delivered in 2025. At the same time Croatia Airlines is engaged in:

- extensive training for all its licensed personnel including its cockpit and cabin crew, and new type training for the A220s
- managing the fleet transition with old departures and new aircraft arrivals, particularly challenging due to delays in slot deliveries of the A220s

The impact of the fleet transition, delays in aircraft and managing all the regulatory requirements of the full fleet transition, puts a significant challenge on the airline, its operations and the crew.

In July 2024 a new 5-year Collective Bargaining Agreement (CBA) was signed between Croatia Airlines and the two main unions. As part of the CBA, it was agreed that the airline and the union representing pilots and cabin crew union, Organizacija Radnika Croatia Airlines (ORCA), would work together to analyse and plan stability opportunities.

Following this agreement, Croatia Airlines issued a tender and approached AMG requesting a response to the Request for Proposal for **Consulting services for Crew Management, Procurement Number: CTN-HR-MV-17/24**, and a revised RFP issued in November, with the subsequent revised response submitted by AMG to OU on 14th February 2025.

AMG is pleased to be selected by the Purchasing Committee as the preferred provider to fulfil the requested consulting services for Crew Management based on the description and conditions as detailed in this letter, the Schedule 1 and the General Terms & Conditions attached to it.

2. Services to be Provided by AMG

Within ten working days from the date of signature of the Client to this agreement (the "Commencement Date"), AMG shall provide the following aviation professional services (the "Services") to the Client.

AMG declares that it possesses the requisite experience and qualifications to accept the work order and to provide the Services contemplated herein.

The Scope of Work is as per the revised proposal submitted by AMG on 14th February 2025.

The Key Areas of Focus are:

a) Roster Stability and Predictability

- Assessing the current Rostering System
- Explore Predictive Analytics or Optimization Algorithms
- Review Existing Rostering Policies
- Review Communication between Departments

b) Benchmarking & Best Practices

c) Productivity Improvement

- Identify factors negatively affecting crew and crew productivity
- Recommend changes

The project deliverables are as detailed in the AMG revised proposal of the 14th February 2025.

Diagnostics Report:

- We will provide a comprehensive report detailing the current challenges and areas for improvement within the existing rostering system

Benchmarks:

- We will provide examples of best practices in the industry
- We will benchmark against other airlines

Suggested Transition Proposal:

- We will make recommendations to improve and optimise

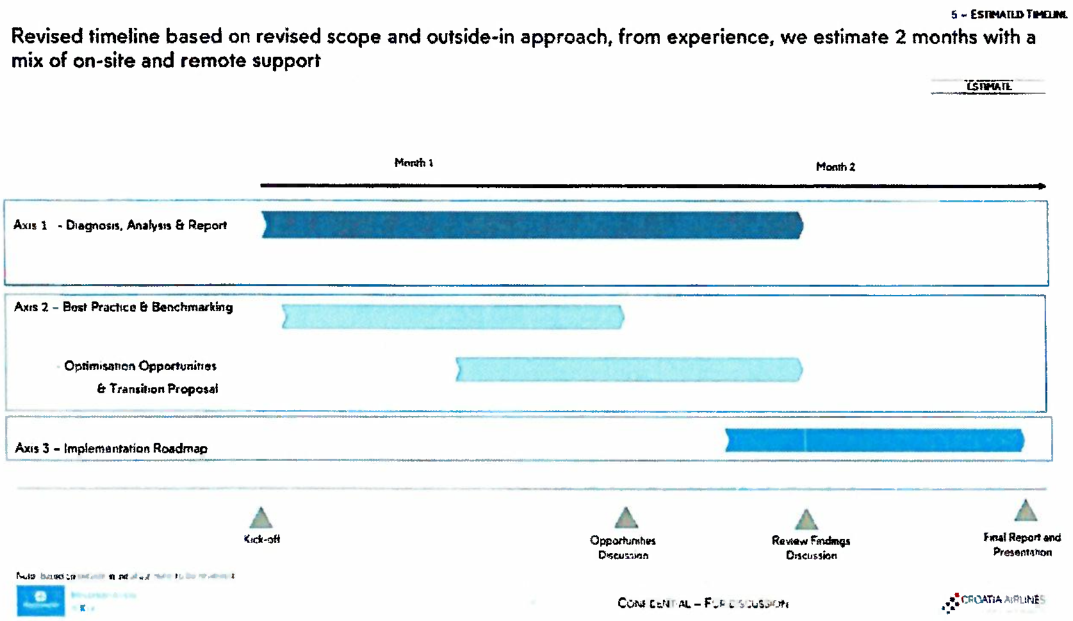
Implementation Plan:

- We will create an implementation plan
- This will include a phased approach with measurable milestones to track the impact of implemented changes

The above constitute the scope of work of the Services (the "Scope of Work").

For the purposes of the Services above we have assumed:

- that the Client's personnel are timely available
- that all information required by AMG is timely available, of good quality and reliable
- the project duration is estimated to last 2 months from date of Commencement
- There will be regular updates and the proposed timeline is below:



3. Fees

The terms relating to the Fees are set out in Schedule 1.

4. AMG Key Personnel

AMG undertakes to perform the Services personally by the following project team. The AMG Project Leader will be Ben Leon, and the key personnel at AMG working on this Scope of Work project for the Client will be Steve Payne, Dean Stewart, Dr Paul Jackson, Zornitsa Papirska alongside other experienced members of the team as per the proposal on an as needs basis.

The Client's key personnel working on this project will be Ivona Lang and Vladimir Bošnjak, who will be representing ORCA, and Davor Mišić, Nikolina Sakač, Mario Tunjić and Vlasta Šimeg Grgić, who will be representing the airline, alongside other members of the team authorized by the key personnel. The Client's Representative will be Vlasta Šimeg Grgić.

5. Term and Termination

The Agreement shall be deemed to have commenced on the Commencement Date and shall continue in full force and effect until terminated in accordance with the Agreement (the "Term").

Either Party may terminate the Agreement at any time by giving not less than 30 days written notice to the other Party.

In case of a gross breach of the Agreement by the AMG, the Client shall have the right to terminate this Agreement with immediate effect. A gross breach of this Agreement shall be deemed to be, in particular, a breach of the obligation regarding Confidentiality, set out in Article 6. of this Agreement.

6. Confidentiality

AMG is obliged not to disclose any information obtained in any form in connection with the performance of this Agreement. This obligation shall survive the expiry or termination of the Agreement.

The obligation referred to in paragraph 1 does not relate to information which has been publicly disclosed by the Client or entities other than AMG, or to information which is in the public domain or has been obtained by the AMG from other sources not subject to restrictions as to its disclosure.

In the case of a breach by AMG of the obligation laid down in this Article, AMG shall pay the Client a contractual penalty the amount of 10% of the Agreement value. The preceding sentence shall be without prejudice to the Client's right to demand compensation in excess of the amount of the contractual penalty provided for herein.

* * *

Please arrange to have a copy of the Agreement signed and returned electronically to: ben.leon@airline-management.com to confirm agreement to, and acceptance of, the terms and conditions of the Agreement. Within ten working days of receipt of the signed Agreement, AMG will commence the engagement in accordance with the Commencement Date.

Yours faithfully,

Ben Leon (Mar 17, 2025 14:26 GMT) 17/03/2025

NAME: Ben Leon Date
POSITION: Director
For and on behalf of Airline Management Group Limited

Agreement and acceptance confirmed

17.03.2025.

NAME: Jasmin Bajić Date
POSITION: President and CEO
For and on behalf of Croatia Airlines d.d.
(*name, signature of the duly authorised representative)*

SCHEDULE 1: FEES

1. Retainer

   AMG does not request a Retainer in connection with this Scope of Work.

2. Fixed Fee

   A fixed pre-agreed fee total of forty-three thousand two hundred and twenty-five euros excluding VAT and any applicable taxes as submitted by AMG as best and final proposal on 14th February 2025.

   This is split into 39,275 € euros, plus travel expenses which the Client will reimburse up to a cap of 3,950 € euros, giving a total 43,225 € euros (plus any applicable taxes).

   The amount is subject to the scope, assumptions and requirements as described in the proposal herein remaining unchanged.

   In the event that changes occur with respect to such scope, assumptions and/or personnel requirements, including those due to unforeseen events, the Parties shall meet in good faith and agree to a revised arrangement, to be mutually agreed in writing.

   The Fees due to AMG for the provision of the Services shall be invoiced to the Client in three instalments as follows:

   a) First instalment of 25% equal to 9,819 € euros (plus any applicable taxes) plus expenses will be paid on commencement of the engagement.

   b) Second instalment of 35% equal to 13,746 € euros (plus any applicable taxes) plus expenses will be paid upon completion and delivery of Diagnostics report and Benchmarks and transition proposal.

   c) Final instalment of 40% equal to 15,710 € euros (plus any applicable taxes) plus expenses will be paid upon completion and delivery of Implementation plan.

   Invoices shall be payable in accordance with this Schedule and Clause 3 of the General Terms and Conditions below.

   The Fees due to AMG for this Agreement will be paid by bank transfer to the bank account that the AMG will determine in its invoice.

General Terms & Conditions

1. Introduction

1.1. These Terms and Conditions are those on which AMG (the "Company") shall arrange for a project with the Client's organisation (the "Services") to be carried out. The Company and the Client agree to work together to ensure that the Services achieve the expected benefits, as described in the Company's letter to the Client headed "Agreement for the Provision of Consultancy Services", to which these Terms and Conditions are attached (the "Letter"). The scope and details of the Services are more particularly outlined in the Letter. The terms of the Letter, these General Terms and Conditions (including any Appendices), together with any Schedule, form the Agreement between the Company and the Client (the "Agreement").

1.2. Any capitalized terms within these General Terms and Conditions which have not be defined, shall have the same meaning ascribed to them in the Letter.

1.3. Unless explicitly stated otherwise, and in the event of any inconsistency, the following order of precedence shall apply between the documents forming this Agreement: (i) the Letter shall take precedence over the General Terms and Conditions.

2. Scope of Services

2.1. The Company agrees to provide the Client with support and assistance as described in the Letter. The nature and level of any future support and assistance beyond the scope of the Services will be agreed between the parties where appropriate to the Client's business.

2.2. In consideration of the Company's support and assistance, the Client agrees:

a) to co-operate with the Company in carrying out the Services (including, without limitation, complying with its obligations at clause 2.5); and

b) to pay Fees and expenses set out within the Schedule.

2.3. The Client shall appoint a representative who will be the first point of contact for the Company with the Client, and who will be responsible for managing the Client's activities under this Agreement (the "Client Representative"). The Client shall notify the Company of the contact details of the Client Representative and notify the Company in advance in writing of any change to the Client Representative.

2.4. The Company shall appoint a representative who shall be the first point of contact in respect of the Services (the "Project Leader"). The Company shall notify the Client of the contact details of the Project Leader and notify the Client in advance in writing of any change to the Project Leader.

2.5. The Client agrees to allow representatives of the Company all reasonable and timely access to staff, premises and data as such persons may reasonably require to enable them to perform their activities in relation to the Services.

2.6. Any times or dates specified within the Letter are given and intended as an estimate only, and much of the delivery of Services is dependent upon co-operation from the Client pursuant to clause 2.5. The Company shall not be liable for any loss, damage or expense suffered by the Client from early or late performance. If there is likely to be any delay to the provision of the Services then the Company will give the Client as much notice as is reasonably possible in the circumstances.

2.7. The Client shall promptly inform the Company of any facts of which the Client becomes aware which are likely to affect either party's obligations under this Agreement.

3. Payment and Invoices

3.1. The price for the Services is as set forth in the Schedule (the "Fees") and is exclusive of VAT and all other levies, duties and taxes for which Client shall be liable.

3.2. The Fees shall be payable by the Client in accordance with the due dates set out in the Schedule.

3.3. On each due date, or completion of a Milestone (where applicable), the Company shall invoice the Client for the agreed proportion of the total Fees payable (together with any VAT and chargeable expenses) as set out in the Letter. The Client shall use best endeavours to pay the Fees (together with any VAT and chargeable expenses) within 30 days of the receipt of the correctly issued invoice. Invoices are correctly issued upon completion of the defined scope for each phase and acceptance of its deliverables by the Client, whose acceptance shall not unreasonably be withheld. Such acceptance shall be evidenced in writing promptly by both parties.

3.4. In the event that the Client fails to pay any amount which is payable to the Company under this Agreement, then without prejudice to any of its other rights, the Company reserves the right to charge interest on the amount outstanding from the due date until payment is made to the Company (both before and after any judgment).

4. Confidentiality

4.1. Both the Client and the Company agree to keep confidential any information disclosed by one party to the other, whether orally or in writing and whether before or after the date of this Agreement, in whatever form regarding either party and its Group of companies, (including, without limitation, that party's business, business plans, affairs or activities, products, services, procedures, methodologies, know-how, plans, intellectual property, data, clients or suppliers, and, in particular, any information regarding the Services, its progress, the parties' involvement in the Services, or any other information relating to the Services) ("Confidential Information").

4.2. For the purposes of clause 4.1 above, "Group" means in relation to either party, every company that is, from time to time, a subsidiary or holding company of that party or a subsidiary of any such holding company (and the terms "subsidiary" and "holding company" shall have the same meanings as given to them by section 1159 of the Companies Act 2006 or any superseding enactment).

4.3. Each party agrees that this obligation shall survive the expiry or termination of the Agreement.):

4.4. Clause 4.3 shall not apply to any Confidential Information disclosed by either party which:

a) was, by reasonable proof, already in the possession of the receiving party prior to the time of receipt;

b) is, or becomes, public knowledge other than by default on the part of the receiving party (or its officers, employees secondees or advisers); or

c) is lawfully obtained by the receiving party from a third party having no duty of confidentiality to the disclosing party in respect of that Confidential Information.

4.5. Where either of the parties (or anyone to whom either party transmits any Confidential Information) becomes compelled by reason of law or government direction, to disclose the other party's Confidential Information, the party so compelled shall give the other party as much notice of such fact as is reasonably practicable and will comply with the reasonable directions of the other party regarding the manner, timing and content of such disclosure.

4.6. The parties each agree to comply with their obligations under the Data Protection Act 1998, to the extent applicable under this Agreement.

5. Intellectual Property

5.1. All intellectual property rights including, but not limited to, all technical information, know-how, methodologies, materials, literature, presentations, data outputs, and models supplied by either the Client or the Company for the purpose of the provision of the Services ("Background IP") shall remain the absolute property of the party supplying that Background IP (or its licensors).

5.2. Subject to clause 5.3, and to the extent that any intellectual property is created in the course of the provision of the Services or through implementation of any recommendations resulting from the Services ("Arising IP"), the Company acknowledges that this shall be the property of the Client except that any and all methods of analysis, know-how, tools, frameworks, and models used or developed by the Company in connection with the Services shall remain the property of the Company.

5.3. Subject to clause 5.4, the Client grants the Company a non-exclusive, irrevocable, worldwide, perpetual, royalty-free license to use, internally, any Arising IP that the Client owns under this Agreement and any of its Background. For the avoidance of doubt, internally means for the Company's business or the business of any of its subsidiary companies.

5.4. The provisions of this clause 5 shall continue to apply beyond the expiry of this Agreement or its termination for any reason.

6. Term and Termination

6.1. This Agreement is effective within 10 working days from the date of execution ("Commencement Date"); and it is intended that the Services will be completed within the proposed timeline in section 2, approximately two months from the Commencement Date (the "Term") excluding public holidays. Any extension of the Term shall be effected by mutual agreement.

6.2. Subject to clauses 4, 5 and 8.5, this Agreement shall continue until:

a) termination in accordance with clause 6.3; or

b) expiry of the Term (or any extension thereof) where all Fees have been paid in full.

6.3. The Company and the Client each reserve the right at any time to terminate this Agreement by providing 30 day's written notice if in its reasonable opinion the Client or the Company fails to comply with any of its obligation under the Agreement..
The Company and the Client each reserve the right to terminate this
Agreement by providing four weeks' written notice if the Client is subject to any change of control or a merger.

6.4. Upon expiry or termination of this Agreement for any reason, each party shall, at the request of the other party, return to the requesting party all documents and other records containing Confidential Information disclosed by the requesting party (or any member of its Group).

6.5. In the event of termination of the Agreement, the Company shall have the right to remuneration in a proportionate amount, corresponding to the amount of work that has already been performed.

6.6. In addition to clause 8.5, the expiry or termination of this Agreement shall not affect any obligations of either party which by their nature are intended to continue after such expiry.

7. Limitation of Liability

7.1. The Company shall procure that the Services are provided with the standard of skill and care which a competent and suitably qualified person performing the same services could reasonably be expected to exercise, and in accordance with all relevant legislative and statutory requirements in force at the date on which the Services are performed.

7.2. The Company shall not be liable to the Client and the Client shall not be liable to the Company for:

a) economic loss including, but not limited to, loss of profits, revenues or goodwill; or

b) any indirect or consequential loss howsoever arising even if such loss was reasonably foreseeable.

except in case the loss arises out of intent or gross negligence of the Company.

7.3. Subject to clause 7.4, the Company's total aggregate liability to the Client under or in connection with this Agreement shall under no circumstances exceed the sum total of GBP 1 million.

7.4. Nothing in this Agreement shall exclude or limit liability for death or personal injury or for any loss or damage as a result of fraud.

7.5. The express terms of this Agreement are in lieu of all warranties, conditions, terms, undertakings and obligations implied by statute, common law, customs, trade usage, course of dealing or otherwise, all of which are excluded to the fullest extent permitted by law.

8. General

8.1. Third Party Rights. For the purpose of section 1(2) of the Contracts (Rights of Third Parties) Act 1999, the parties state that they do not intend any term of this Agreement to be enforced by third parties.

8.2. No Agency. Neither party shall represent itself as agent of the other party for any purpose whatsoever, nor shall it have the authority to create or assume any obligations of any kind for, or on behalf of, the other party.

8.3. No Partnership. Nothing in this Agreement is intended to, or shall, constitute a partnership in law or joint venture between the parties for any purpose whatsoever.

8.4. Transfer of rights/obligations. The Client shall not transfer this Agreement or any of its rights or liabilities hereunder nor shall the Client sub-contract any of its obligations under this Agreement, whether in whole or in part without obtaining the Company's prior written consent.

8.5. Force Majeure. The Company shall not be held accountable or incur any liability for failure to provide or procure the Services in the event of unforeseeable circumstances or occurrence of any events outside of the Company's control. Where such events or circumstances occur and continue for eight weeks or more, either party shall be entitled to terminate this Agreement with no liability either one to the other, except where already separately incurred.

8.6. Entire Agreement. Except as otherwise expressly stated, this Agreement contains the entire agreement between the parties and no variation of the Agreement will be binding unless agreed by both parties in writing.

8.7. Waivers. Any waiver of any provision of this Agreement shall be effective only if in writing and signed by both parties.

8.8. Jurisdiction. This Agreement shall be governed and construed in accordance with Croatian law and the parties submit to the exclusive jurisdiction of the Croatian courts.

8.9. Severance. If any provision of this Agreement is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability shall not affect the other provisions of this Agreement and all provisions not affected by the invalidity or unenforceability shall remain in full force and effect.

8.10. Notices. All notices given under this Agreement shall be in writing and sent to the address or email address of the applicable party to this Agreement (as such party has provided in the Letter) or such other address as the applicable party may designate by notice given in accordance with the provisions of this clause. All notices should be delivered personally or by first class pre-paid international courier or email transmission and shall be deemed to have been served, if by hand upon delivery, if by first class courier 48 hours after posting, and if by email transmission upon receipt of a confirmation report by the sending party.

8.11. Interpretation. Headings to clauses are for ease of reference only and shall not affect the interpretation or construction of this Agreement

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