

## GENERAL TERMS & CONDITIONS

By sending an order to M2S Electronics Ltd ('M2S') for the products and services quoted above, the Client confirms committing to the following General Terms and Conditions. The M2S General Terms and Conditions have precedence over any other Client Terms and Conditions.

The prices are valid for the above-specified total quantities. If during the period the Client fails to purchase the quoted quantity, the purchase price will be adjusted retroactively to compensate for i) the cost of all NCNR inventory or other unused inventory plus applicable markup, ii) any vendor cancellation charges (including restocking fees) and iii) any nonrecurring engineering or production cost. M2S shall use reasonable commercial efforts to return unused inventory and to cancel pending orders with suppliers. M2S shall submit its request for an adjustment and additional compensation not later than sixty (60) days after the date on which the affected products were supposed to be delivered.

Prices, delivery lead-time and all commitments are conditional to:

- (1) the reception and acceptance by M2S of a firm order including the order releases for the first months of delivery as specified in the quotation.
- (2) the reception and acceptance by M2S of subsequent order releases from the firm order as per quotation.
- (3) following the reception of the order releases, M2S will assemble the quantity listed on the **QTY/LOT** line as shown in the above Product Quote section. The **QTY/LOT** must be entirely consumed by the Client within a maximum time period as specified in the quotation. Any unconsumed balance of inventory from the **QTY/LOT** will be shipped and invoiced to the Client after this period.

If applicable, the Client shall provide rolling forecasts for each month. From these forecasts, M2S may purchase long lead-time (LLT) components with the Client approval to meet the Client desired delivery delays. The Client shall be liable to M2S for all such purchases as per above. If the components are not available from the authorized distribution channels and if the customer accepts that M2S purchases the components from a broker, then the customer will be fully responsible for this purchase.

If market conditions change independently of our will (exchange rate, component prices, etc.), prices and delays should be renegotiated between the parties.

Prices are valid only for the period indicated in the quotation. Components and manufacturing cost increases will be managed through PPVs or revision of current quote.

QTY/LOT delivered: M2S may deliver a quantity inferior to the original quantity ordered due to manufacturing nonconformities.

Modification, Cancellation or deferment by Client: Orders may be modified or cancelled and scheduled shipments under an accepted Order may be deferred, only i) upon Client prior written notice and M2S' written acknowledgement and ii) upon terms, satisfactory to M2S, that compensate M2S for all costs incurred by reason of such modification, cancellation, or deferment, which shall take into account, amongst other things, the cost of any NCNR inventory, any vendor cancellation charges (including restocking fees), any nonrecurring engineering or production costs, the impact on the purchase price of products not cancelled and storage cost of finished goods. A charge of 15% will apply to all component sales to Client.

- Inventory and finished goods surplus that remain unused 3 months after the last production lot will be sold back to Client. Components will be sold at cost plus 15%. An advance notice of 3 to 4 months by the Client of the contract cancellation will reduce these charges.
- The design of the products is the Client's responsibility (except for M2S Products/Solutions)
- Electrical schematics, assembly drawings, bill of materials and Gerber files are supplied by the Client (except for M2S Products/Solutions)

- All components substitution request by M2S will be submitted in writing for validation by the Client. The Client assumes entire responsibility.
- All Engineering Change Requests or Notices (ECR, ECN) to the product, requested by the Client during the contract, will generate a M2S quote. M2S will require an Engineering Change Order (ECO) prior to applying the changes to the specifications. The Client ECO will generate a prototype approval process before the changes are applied to the manufacturing process.
- RoHS parts supplied by Client:
  - M2S will accept SMT parts supplied by the Client even if M2S is not certain that these parts are RoHS; these SMT parts will be soldered using the RoHS process with the following potential inconvenients:
    - The SMT parts functionality and solder quality may be affected since the soldering temperature is higher with the RoHS process and some parts may not support this higher soldering temperature.
    - If after SMT assembly, a part supplied by the Client is found non-functional (defective) because it is not an RoHS part, no warranty will apply.
  - In the case of TH parts, M2S requires a proof that the parts are RoHS to ensure it will not contaminate our soldering process (wave soldering). The parts must be identified on their packaging and/or an RoHS certificate must be supplied.
- The electronic board manufacturing-assembly (PCBA) is done following the IPC-A-610D Class 2 or 3 standard as required by the customer and as indicated in the quotation.
- M2S is certified ISO-9001.
- All prices are in CAD or USD as per quotation.
- Taxes and applicable duties are not included.
- The proposal is valid for 90 days.
- Payment:
  - Net 30 days
  - For any unpaid or overdue amount beyond the payment terms agreed, interests at the rate of 12% per year calculated retroactively will be charged and payable.
  - Terms and Conditions are subject to M2S Credit Department approval and/or modification following a credit analysis.
- Shipping: Incoterms 2020 Ex Works or as specified in quotation
- Technical Support & Repair labour rates: contact M2S.
- The product unit price may be revised by the supplier and client following a US Currency exchange rate fluctuation that would affect the product unit price by a difference greater than 1% (+ or -). The exchange rate will be analyzed at the fulfillment of the order or at the end of the contract in the case of an annual contract.
- Both parties agree that any disagreement or dispute in relation with the actual convention or from its understanding or application will be submitted to mediation. Thus, both parties agree to participate to a minimum of one mediation meeting by representation of one person with the power of decision; the mediator will be chosen by both parties.

## INTELLECTUAL PROPERTY

M2S recommends completing a search and if necessary, to register a patent prior to the implementation of a new technology.

M2S has no responsibility for the examination and compliance of any trademarks, patents, licenses, logos or of any other intellectual property rights (hereafter collectively named as « Intellectual Properties ») applicable on a product manufactured at Client's request. In any case where a Client, under his instructions, orders M2S to manufacture a product, the Client must ensure that the manufactured technology is not infringing any third party's Intellectual Properties.

Client represents that he has obtained all rights and necessary authorizations to use, manufacture, modify or incorporate any thing which include or use any Intellectual Properties and to authorize M2S to accomplish anything necessary to complete the work requested by the Client.

Client agrees to indemnify M2S for any damages or costs, including reasonable legal fees and other liabilities, incurred in regards with the use of any Intellectual Properties for which the Client would not have had any authorization or on which the Client would not have any right on. Client agrees to indemnify M2S for any damages pertaining to any claim, including any legal action or out-of-court settlement, for the illegal use of any Intellectual Properties that would be applicable to a product manufactured or conceived by M2S following a Client's request.

## WARRANTY

M2S warrants that its products are exempt from any defect related to the parts and assembly process with respect to the following:

### Length:

- (1) Prototypes: for a period of 90 days from date of shipment
- (2) Production: for a period of 1 year from date of shipment

### Limitations:

- If the client provides some parts, the M2S warranty will be limited to the parts, product assembly process and functional test supplied by M2S.
- If the parts supplied by the Client are damaged and unusable, the Client will have to replace these parts.
- If the Client requires M2S to not perform a functional test or other test, and to perform a visual or automated inspection only, M2S warranty will be limited in length (defined in quotation) to (1) 30 days, (2) 90 days, (3) 1 year.
- In the case of a repaired product, a new warranty will apply only to the repairs done (parts and assembly process) and will not extend the complete product warranty (refer to Generality below).

**Exclusions:** if a limitation as defined above occurs and a diagnostic confirms the non responsibility of M2S, repairs and diagnostic time will be invoiced to Client.

In case of a non-functionality caused by the Client design, no warranty will be applicable except for non-conformity resulting directly from the M2S assembly process, and/or parts found nonconforming to their specifications (except for parts nonconforming because of the design).

**Generality:** If there is a defect, M2S will have the option to:

- (1) repair the product at no cost for the Client, using new or second-hand spare parts but in good condition,
- (2) exchange the product to the Client for a new one or one that is assembled with new or second-hand spare parts but in good condition,
- (3) reimburse the product's purchase price to the Client (credit).

M2S reserves its right to exercise one or many of these 3 options for any given product, one of its components or for a whole batch of those products.

In all cases, the exchanged product is guaranteed for the remaining of the original warranty period applicable to the product it is replacing.



To benefit from the services set forth by the warranty, the Client must:

- Obtain an "RMA #" from M2S Customer Service,
- Send the product "prepaid" with a diagnostic to an address identified by M2S.
- The return of the product will be sent "collect".

When a product or a part is replaced, this replacement item becomes the Client's property and the item replaced becomes M2S's property. The reimbursed product becomes M2S's property.

This warranty does not cover the repair, the replacement neither the reimbursement of the product that became necessary due to an improper use, an accident, an inadequate installation or use, a faulty maintenance by the Client or any other person or due to any modification or any failure caused by a product of which is not under M2S's responsibility.

Under no circumstance can M2S be found liable: (1) of any claim or legal action taken by a third party against a Client in any case; (2) of consequential, indirect, or special damages, of profit or income losses, or the impossibility to realise the expected savings. This warranty replaces any legal or other contractual guarantee, written or oral and expressly excludes the possibility to claim damages and interests for any prejudice caused by a defect or a vice of one of M2S's products.