

## GENERAL TERMS & CONDITIONS

Receipt of a Customer order at M2S Electronics Ltd. ('M2S') for tendered products/services confirms Customer's agreement to the M2S General Terms and Conditions listed herein. The M2S Terms and Conditions take precedence over all other Customer Terms and Conditions.

Prices are valid for the total quantities specified in the quotation. In the event that the quantity ordered over the period specified in the quotation is significantly less, the purchase price will be adjusted retroactively to offset:

- 1) The cost of NCNR inventories and other unused inventories, plus the applicable mark-up.
- 2) All costs incurred with M2S' suppliers for order cancellations (including restocking fees).
- 3) Applied engineering and production costs. M2S will use its best commercial efforts to return unused inventory to M2S' suppliers and to cancel outstanding M2S' supplier orders. M2S will submit its request for price adjustment and additional compensation no later than sixty (60) days after the scheduled delivery date of the affected products.

Prices, delivery times and other commitments are subject to:

- 4) Receipt and acceptance by M2S of a firm order, accompanied by releases for the first months of delivery as stipulated in the quotation.
- 5) Receipt and acceptance by M2S of subsequent releases of the firm order, according to the schedule presented in the quotation.
- 6) Following receipt of the releases, M2S will manufacture the quantity indicated on the QTE/LOT FOB line of the unit price table from the quotation. The QTE/LOT FOB must be fully consumed by the Customer within the maximum time specified in the quotation. Any balance of this QTE/LOT FOB not consumed by the Customer will be shipped and invoiced to the Customer beyond the maximum period.

If applicable, monthly forecasts must be provided by the Customer. M2S may, on the basis of these forecasts and with the Customer's written approval, purchase components with long lead times in order to meet delivery dates. The Customer retains full responsibility for such purchases as specified above.

In the event of unavailability of a component from authorized distributors, and if the Customer agrees that M2S may purchase the part from a broker, full responsibility for such purchase shall rest with the Customer.

In the event that current market conditions change beyond our control (exchange rates, component prices, etc.), prices and lead times will have to be renegotiated between the parties.

Product prices are valid only during the period indicated in the quotation. Price increases for components and M2S assembly operations will be handled by PPV or by revision of the current quotation.

QTE/LOT on delivery: M2S reserves the right to deliver less than the quantity ordered due to non-conformities in the course of manufacturing the product or services.

Modification, cancellation or postponement by Customer: Orders may be modified, cancelled or postponed subject to the following conditions:

- 7) Prior notice from the Customer and written confirmation from M2S;
- 8) Agreement, to M2S' satisfaction, regarding Customer's coverage of costs related to the change. These costs include:
  - a. the cost of NCNR inventory,
  - b. M2S' supplier cancellation charges (including restocking fees),
  - c. engineering and production costs, if any, inventory carrying beyond 3 months,
  - d. the impact on the purchase price of non-cancelled products,
  - e. and storage costs for finished products.
  - f. A 19% surcharge will be applied to sales of components to the Customer;

Rules concerning requests to postpone orders:

- a. Day 1 to 90 : No push delivery dates possible.
- b. Day 91 to 180 : One (1) delivery date push possible, maximum 30 days.
- c. Day 181 to 365 : Full flexibility on push delivery dates with a 0.70%/month fee on the components monetary value.

Components excess inventory and finished products that remain unused will be invoiced to the Customer between fourteen (14) and ninety (90) days after the last shipment. Components will be sold at a mark-up of 19%. A contract cancellation notice 3 to 4 months in advance will reduce these charges.

- 9) Printed Circuit design is the Customer's responsibility.
- 10) Wiring diagrams, assembly drawings, material lists and Gerber files are supplied by the Customer.
- 11) All M2S requests for component substitution will be submitted to the Customer for approval and the Customer will assume full responsibility.

12) All Customer requests or change notices shall be in the form of a written notice (ECR, ECN). A request from the Customer will generate a quotation from M2S. Changes to specifications will be made upon receipt of an Engineering Change Order (ECO). Changes will be applied to manufacturing processes once a prototype has been approved in writing by the Customer.

13) Customer-supplied RoHS parts:

M2S accepts Customer-supplied SMT parts even if M2S is not certain that these parts are RoHS; these SMT parts will be welded in the RoHS process with the following potential disadvantages:

- a. The quality of the weld may be affected, and the functionality of the SMT part since the welding temperature is higher in RoHS process may not be supported by some parts.
- b. If, after SMT assembly, a part supplied by the Customer is found to be non-functional due to its incompatibility with the RoHS standard, no warranty applies.

In the context of TH parts, M2S requires proof that the parts are RoHS-compliant, in order to prevent contamination of the soldering process (especially the tin bath). Parts must be identified as RoHS-compliant on the packaging, or accompanied by a RoHS certificate attesting to this compliance.

14) PCB assembly is carried out to IPC-A-610D Class 2 or 3 standards, as required by the Customer and specified in the quotation.

15) M2S is ISO-9001 certified.

16) All prices are in CAD or USD as specified in the quotation.

17) Taxes and customs duties are extra.

18) The bid/proposal/appraisal is valid for 90 days.

19) Payment terms :

- c. Net 30 days.
- d. Interest at the rate of 12% per annum, calculated retroactively, will be payable on any amount unpaid beyond the agreed payment terms.
- e. Terms and conditions are subject to approval by the M2S credit department, which reserves the right to modify them following a credit analysis.

20) Transportation: Incoterms 2020 Ex Works or as specified in quotation.

21) Labor rates for technical support and repairs: please consult M2S.

22) Variation of US rate:

- f. The unit price of products may be revised by M2S and the Customer if a fluctuation in the US exchange rate alters the unit price by plus or minus 2%. This revision will be made either upon complete delivery of the order, or at the end of a contract within the framework of an annual contract.

23) The parties agree that any disagreement or dispute relating to this agreement or arising from its interpretation or application shall be submitted to mediation. To this end, the parties hereto agree to participate in at least one mediation meeting by delegating a person with decision-making authority, the mediator to be chosen by the parties.

## INTELLECTUAL PROPERTY

M2S recommends researching and, if necessary, registering patents before implementing any new technology.

M2S is not responsible for the verification and enforcement of trademarks, patents, licenses, logos, or other intellectual property rights (collectively referred to as "Intellectual Property") relating to a product manufactured at the request of a Customer. When a Customer asks M2S to manufacture a product according to its instructions, it is the Customer's responsibility to ensure that the technology used does not infringe the Intellectual Properties.

The Customer affirms that it has obtained all necessary rights or authorizations to exploit, manufacture, modify, incorporate any element associated with Intellectual Properties, and to authorize M2S to do anything necessary to perform the work required by the Customer.

The Customer agrees to indemnify M2S for any damages or costs, including reasonable attorneys' fees or other liabilities incurred in connection with the use of Intellectual Property for which the Customer would not have had authorization or over which the Customer would have no right. Customer agrees to indemnify M2S for all damages related to any legal action or out-of-court settlement arising from third party action for unlawful use of Intellectual Property that is applicable to a product manufactured or designed by M2S at Customer's request.

## WARRANTY

M2S warrants that these products are free from defects in materials and workmanship in accordance with the following terms and conditions:

### DURATION:

- 1) Prototypes: for a period of 90 days following delivery
- 2) Current production: for a period of one (1) year following delivery

**LIMITATIONS:**

- If the Customer supplies certain parts, M2S's warranty will be limited to the parts, manufacturing process and functional test(s) supplied by M2S;
- If parts supplied by the Customer are damaged or unusable, the Customer must replace these parts at its own expense;
- If the Customer requests M2S not to perform any functional or other tests, and to perform only a visual inspection, M2S's warranty will be limited in duration (duration defined in the quotation) to (1) 30 days, (2) 6 months, (3) 1 year;
- In the event of a repaired product, a new warranty will apply only to the repair carried out (manufacturing process and parts) and will not entail any warranty extension concerning the complete product (see General below).

**EXCLUSIONS:**

In the event of a limitation defined above and if a diagnosis confirms that M2S is not responsible, the repairs requested will entail additional costs for diagnosis, replacement and supply of the parts originally supplied by the Customer, as well as for any other manufacturing process, such as tropicalization.

In the event of non-functioning due to the Customer's design, no warranty will become applicable with the exception of non-conformities resulting directly from M2S's manufacturing process, and/or parts found not to conform to their specifications (excluding non-functioning parts due to design).

**GENERAL:**

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

- 1) Repair the product free of charge, using new or used replacement parts, but in good condition.
- 2) Exchange the product with the Customer for a new product or a product made with new or used parts, but in good condition.
- 3) Refund the purchase price of the product to the Customer (credit).

M2S reserves the right to exercise any or all of these 3 options for one and the same product, for one of its components or for a batch of products.

In all cases, replacement products are warranted for the remainder of the original warranty period applicable to the products they replace.

To benefit from warranty services, the Customer must :

- Obtain an RMA # from M2S Customer Service;
- Send the product with explanations, at his own expense, to an address designated by M2S;
- The return of the product to the Customer is at the Customer's expense.

When a product or part is replaced, the replacement item becomes the property of the Customer, and the replaced item becomes the property of M2S. Refunded products become the property of M2S.

This warranty does not cover the repair, replacement or refund of product made necessary as a result of misuse, accident, improper installation or use, improper maintenance by the Customer or any of its servants, or any modification or failure caused by a product for which M2S is not responsible.

In no event shall M2S be liable for: (1) any claim or action brought against the Customer by any third party for any reason whatsoever; (2) incidental, indirect or special damages, loss of profits or business revenues or failure to realize expected savings. This warranty is in lieu of all statutory or contractual warranties, written or oral, and expressly excludes the possibility of claiming damages for any loss caused by the defect or vice of an M2S product.