

The following terms and conditions shall govern all sales of products and services of National Optics Institute (“**INO**”) to a client by a purchase order or any other agreement, in writing or otherwise.

- 1. APPROVAL OF THE PROPOSAL.** Once approved by the client, the general terms and conditions of sale and where applicable the terms of a proposal or quotation, including all schedules, and the terms and conditions of sale specifically related to production services, form a binding contract between INO and the client (the “**Agreement**”). Client’s issuance of a purchase order will conclusively evidence client’s unconditional acceptance of the Agreement. The Agreement alone will govern the order, purchase, and provision of the products and services described in the Agreement, and will prevail over any inconsistent, modifying, and/or supplemental terms contained in any order forms sent by the client or any similar documents. Such terms are hereby rejected and deemed null and void. INO’s failure to object to such terms does not constitute a waiver of or agreement to the client’s terms and conditions by INO.
- 2. VALIDITY.** Unless expressly stated otherwise in the Agreement, any proposal or quotation made by INO are valid for a period of 30 days from the date of the proposal or the quotation.
- 3. ENTIRE AGREEMENT.** The Agreement constitutes the entire Agreement between the parties concerning this subject matter and voids any agreement, understanding, negotiation, commitment, or other prior verbal or written communication between them concerning the same subject matter.
- 4. CONDITION.** The Agreement is conditioned on obtaining the appropriate permits, approvals, or licenses related to exporting or importing any services or products that is needed or useful for the Agreement.
- 5. REVIEW OF PRIOR ART.** If the services include a search for prior art and/or patents, that search will be a preliminary search only and INO will not express an opinion on the patentability of, non-infringement of, or freedom to operate any invention, product, or service. Any comments and opinions in the report are based solely on INO’s scientific and technical expertise in the fields of optics, photonics, image processing, and imaging systems. In addition, INO cannot guarantee that the patent searches it conducts in connection with the work related to that report are exhaustive or complete and that no important patent documents have been overlooked. Furthermore, the client acknowledges that the databases used to carry out such searches are subject to certain restrictions and may contain errors. The client therefore uses the report at its own risk. The report is strictly confidential and was prepared solely at the client’s request and for its benefit. Moreover, INO and its personnel are not, nor do they represent themselves to be, in any way or at any time, patent agents, patent lawyers, or patent experts.
- 6. SHIPPING.** INO will deliver the deliverable or any products to the client EXW ICC Incoterms 2020 at INO’s Quebec City address indicated herein, the client assuming liability from this point. The parties may agree that INO will arrange for shipping and delivery to another address for the client, for which the client will pay all shipping costs, expenses, and taxes. In such case, the client will give INO all the relevant information, such as the shipping address and transportation method. Unless the client provides specific instructions on the order form (transporter’s name and account number), INO will choose the transporter and add the delivery costs to the client’s invoice. In addition, no insurance for goods in transit will be purchased and INO will not assume liability with regards to the shipment services provided by the third-party provider.
- 7. DELIVERY TIME.** All delivery time indicated in the proposal or in the quotation begins upon acceptance of the purchase order by INO or where applicable, upon payment of any required advanced payment or upon receipt of material to be provided by client. All delay in required advanced payment or delivery of material by client may result in delivery time revision by INO.
- 8. REQUIREMENTS.** INO assumes that parameters and requirements indicated in the description of the work in the Agreement will not change. Client’s decisions regarding specific parameters and requirements may result in schedule changes and additional costs for the client.
- 9. ADMINISTRATIVE FEES.** Unless expressly stated otherwise in the Agreement, administrative fees equal to 15% of the real cost of the consumables (goods and services) purchased by INO to perform the services will be billed to the client and paid to INO.
- 10. TIME AND MATERIALS.** When the Parties have agreed that services will be rendered on time and material basis, the work and the materials will be billed on a monthly basis, for all work performed and material purchased up to and through the date of invoicing. The client agree that scope of work and the authorized amount may vary through the Agreement with its prior written approval, including the issuance by client of a new purchase order to INO.
- 11. ESTIMATE.** All estimates in the Agreement are for information only and do not legally bind INO.
- 12. GENERAL PAYMENT TERMS.** (i) All applicable taxes are in addition to the amounts indicated in the Agreement; (ii) All advanced payment must be paid upon presentation of the invoice; (iii) All services and products will be billed upon delivery, or in accordance with other payment schedule indicated in the Agreement. Except advanced payments, all amounts owed must be paid within 30 days of the invoice date, or per any other payment terms indicated in the Agreement; (iv) If the client fails to make any of the payments provided for in the Agreement on the due date and does not pay within seven days of receiving notice in this regard, it loses the benefit of the term. In such case, INO may demand full payment of all outstanding capital, interests, and fees from the client; INO may also, without notice and delay suspend the work (v) Interest of 1.5% per month (18% per year) will be billed on all arrears; (vi) If the client paid an advance or a deposit under the Agreement or any other agreement, INO may, at its sole and absolute discretion, apply that advance or deposit to the arrears.
- 13. SPECIFIC TERMS OF PAYMENT FOR MICROXCAM CAMERAS AND ACCESSORIES.** For Microxcam Cameras and all related accessories, an advance payment of 50% of the purchase order will be invoiced and payable on confirmation of the order by INO. Where an export licence is required, the advance payment of 50% of the purchase order will be invoiced and payable upon receipt of export licence. The balance will be invoiced and payable before delivery.
- 14. CREDIT APPROVAL.** Payment terms are subject to credit approval and therefore may be negotiated at a later date after reception of a purchase order from client. It is understood by both parties, that if the parties fail to reach an understanding on payment terms and conditions within 10 days after reception of the purchase order, the proposal or the quotation can be rescinded by either party by given a five (5) day written notice to that effect.

- 15. SUBSTITUTION OF RESOURCES (INCLUDING PERSONNEL).** If tasks are to be performed under the Agreement by a particular category of personnel and such personnel are no longer available, INO reserves the right to replace such personnel with others who can perform the tasks in question, whether or not they are in the same category as the personnel initially provided for. In such cases, the applicable rate will be the rate of the new resource (or personnel), it being understood that, except for services rendered on time and materials basis, such a substitution will not change the total cost of the products or services unless the client has accepted a written adjustment of the total cost.
- 16. RESOURCE RATES.** The rates of the various resources needed to perform the services are those in effect on the date the proposal or the quotation is issued; they will apply until and including March 31 of the following year. The client acknowledges that INO may revise the rates annually based on changes in the economic context and the market. Revised rates take effect on April 1 and apply to all work done over the twelve months thereafter (i.e., until the next revision) or, where applicable, until the work is finished if it is completed during the year.
- 17. SERVICE WARRANTY.** (I) THE RESEARCH AND DEVELOPMENT WORK AND OTHER SERVICES THAT MAY BE INCLUDED IN THE AGREEMENT COMPORT AN INHERENT DEGREE OF RISK AND UNCERTAINTY REGARDING ACHIEVEMENT OF THE DESIRED RESULTS. INO WILL PERFORM THE SERVICES ACCORDING TO INDUSTRY STANDARDS WHILE FULLY SATISFYING ITS BEST EFFORTS OBLIGATION. IF ANY SERVICE DOES NOT COMPLY TO THIS WARRANTY, INO MUST BE NOTIFIED IN WRITING WITHIN 90 DAYS OF THE END OF THE APPLICABLE SERVICES ("**SERVICES WARRANTY PERIOD**"); (II) SHOULD THE SERVICES BE CONFIRMED NONCOMPLIANT, INO WILL, AT ITS SOLE OPTION, PERFORM THEM AGAIN OR REIMBURSE THE PRICE PAID FOR SUCH SERVICES.
- 18. PRODUCT WARRANTY.** WHERE APPLICABLE, INO WARRANTS THAT THE PRODUCT DESCRIBED IN THE AGREEMENT IS FREE OF MATERIAL AND/OR MANUFACTURING DEFECTS FOR 90 DAYS FOLLOWING INO'S DELIVERY TO THE CLIENT, OR ANY OTHER PERIOD OF TIME INDICATED IN THE AGREEMENT (THE "**PRODUCT WARRANTY PERIOD**"), IF INSTALLED AND USED PER THE SPECIFICATIONS IN THE DOCUMENT WRITTEN BY INO REGARDING USE OF THE PRODUCT, IF APPLICABLE.
- I) THIRD-PARTY COMPONENTS.** INO DOES NOT GUARANTEE ANY THIRD PARTY MATERIAL AND COMPONENTS SPECIFICALLY IDENTIFIED IN THE AGREEMENT. HOWEVER, INO WILL MAKE REASONABLE EFFORTS TO HAVE THE CLIENT COVERED BY ANY WARRANTY PROVIDED BY THE MANUFACTURER OF SUCH THIRD-PARTY MATERIAL OR COMPONENT WHERE APPLICABLE.
- II) PROCEDURES.** (I) TO ACTIVATE THE WARRANTY, THE CLIENT MUST INFORM INO IN WRITING DURING THE PRODUCT WARRANTY PERIOD TO OBTAIN A RETURN MERCHANDISE AUTHORIZATION ("**RMA**"). TO OBTAIN THE RMA, THE CLIENT MUST PROVIDE THE ORDER NUMBER, PROPOSAL/QUOTATION NUMBER, AND DATE ON WHICH INO DELIVERED THE PRODUCT. IN ALL EVENTS, EVEN IF THE CLIENT IS GIVEN AN RMA, INO RESERVES THE RIGHT TO INSPECT THE DEFECTIVE PRODUCT BEFORE MAKING ITS FINAL DECISION TO ACCEPT OR DENY THE WARRANTY CLAIM; (II) THE CLIENT MUST RETURN THE DEFECTIVE PRODUCT TO INO WITH THE RMA, FREIGHT PREPAID, AT THE ADDRESS BELOW. THE CLIENT MUST INSURE THE SHIPMENT OF THE PRODUCT OR ACCEPT THE RISK OF LOSS OR DAMAGE DURING SHIPPING, AND MUST PAY ALL CUSTOMS DUTIES THAT MAY APPLY TO THE RETURN OF THE DEFECTIVE PRODUCT TO INO; (III) DURING THE PRODUCT WARRANTY PERIOD, AT ITS SOLE OPTION INO WILL REPAIR, REPLACE, OR REIMBURSE THE PRICE THE CLIENT PAID FOR THE PRODUCT INO CONFIRMS IS DEFECTIVE. INO OWNS ALL PARTS REMOVED FROM A REPAIRED PRODUCT; (IV) IF INO DECIDES TO REPLACE THE PRODUCT, THE PRODUCT WILL BE GUARANTEED FOR THE REST OF THE TERM OF THE ORIGINAL WARRANTY OR FOR 30 DAYS, WHICHEVER IS LONGER. INO WILL PAY THE COST TO SHIP THE REPAIRED OR REPLACED UNIT TO AN ADDRESS IN CANADA OR THE CONTINENTAL UNITED STATES. FOR ANY OTHER DESTINATION, THE CLIENT MUST PAY SHIPPING COSTS; (V) PRODUCT MUST BE SHIPPED WITH AN RMA TO THE FOLLOWING ADDRESS: INO, 2740 RUE EINSTEIN, QUEBEC CITY, QUEBEC, G1P 4S4, CANADA.
- III) EXCLUSIONS.** THE ABOVE WARRANTIES DO NOT COVER AND DO NOT APPLY TO:
- A. THE COSTS TO RETURN THE PRODUCT TO INO OR FOR A TECHNICIAN'S VISIT, INCLUDING TRANSPORTATION, LODGING, AND MEAL COSTS, WHERE APPLICABLE;
  - B. DAMAGE CAUSED WHEN THE PRODUCT IS SHIPPED, INSTALLED, OR MOVED;
  - C. DAMAGE CAUSED BY ACCIDENTS, INAPPROPRIATE OR INCORRECT USE, OR A FORCE MAJEURE EVENT OR OTHER EXTERNAL CAUSE; AND
  - D. PRODUCTS THAT HAVE BEEN ALTERED, MODIFIED, OR REPAIRED WITHOUT INO'S PRIOR WRITTEN CONSENT.
- 19. EXCLUSION OF OTHER WARRANTIES.** EXCEPT AS EXPRESSLY PROVIDED IN THE AGREEMENT, INO DOES NOT GRANT ANY OTHER EXPRESS OR IMPLIED WARRANTIES RELATED TO THE SERVICES OR THE PRODUCT, INCLUDING THE IMPLICIT WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, OUTPUT, FITNESS FOR USE, OR OTHER LEGAL, CUSTOMARY, OR OTHER WARRANTIES. ALL SUCH WARRANTIES ARE HEREBY EXPRESSLY EXCLUDED. NO INFORMATION OR OPINION GIVEN VERBALLY OR IN WRITING BY INO EMPLOYEES OR REPRESENTATIVES CREATES A WARRANTY, AND MAY NOT UNDER ANY CIRCUMSTANCES CREATE ANY ADDITIONAL OBLIGATIONS FOR INO. FURTHERMORE, INO DOES NOT WARRANT THAT THE BUSINESS RESULTS THAT MAY BE OBTAINED FROM USING THE SERVICES OR THE PRODUCT WILL BE ADEQUATE OR WILL SATISFY THE CLIENT'S OR THE CLIENT'S CUSTOMERS' EXPECTATIONS.
- 20. NO RESALE OF PROTOTYPE.** PRODUCTS MAY BE CONSIDERED PROTOTYPE, AT INO'S SOLE AND ABSOLUTE DISCRETION. PROTOTYPES ARE NOT FIT FOR COMMERCIAL SALE AND LIMITED WARRANTY IS EXCLUSIVELY OFFERED TO CLIENT AND NOT TRANSFERABLE.
- 21. CLIENT DESIGN AND LIABILITY.** THE CLIENT WILL INDEMNIFY AND RELEASE INO, ITS DIRECTORS AND EMPLOYEES, AND DEFEND AT INO'S REQUEST, FROM AND AGAINST ANY LOSS, COST, LIABILITY, OR EXPENSE ARISING FROM PERSONAL INJURY OR DEATH OR FROM MATERIAL DAMAGE OF ANY KIND ARISING FROM OR CAUSED OR ALLEGEDLY CAUSED BY THE CLIENT'S DESIGN ("**CLIENT DESIGN**") OR BY ANY THIRD PARTY WORKING ON THE CLIENT DESIGN UNDER THE CLIENT'S SUPERVISION OR DIRECTION.

- 22. LIABILITY LIMITATION.** SUBJECT TO THE MANDATORY PROVISIONS OF APPLICABLE LAW, INO WILL NOT UNDER ANY CIRCUMSTANCES BE LIABLE TO THE CLIENT OR ANY THIRD PARTY FOR INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST INCOME OR PROFITS, LOST DATA, BUSINESS INTERRUPTION AND ANY PRODUCTION SHORTFALLS, OR ANY OTHER LOSS BASED ON THE BREACH OF CONTRACTUAL OR EXTRA-CONTRACTUAL OBLIGATIONS OR ANY OTHER CAUSE OF ACTION, EVEN IF INO WAS INFORMED OF THE POTENTIAL FOR SUCH LOSSES. IN ALL EVENTS AND REGARDLESS OF THE CAUSE OF ACTION, INO'S TOTAL LIABILITY RELATED TO OR ARISING FROM THE DESIGN, MANUFACTURE, SALE, RESALE, DELIVERY, REPLACEMENT, USE OF THE PRODUCT OR PROVISION OF ANY SERVICE, OR OTHERWISE RELATED TO THE AGREEMENT MAY NOT EXCEED THE SALES PRICE PAID TO INO FOR THE PRODUCT OR SERVICES GIVING RISE TO THE CAUSE OF ACTION OR CLAIM.
- 23. OWNERSHIP.** Title to the deliverables described in the deliverables section of the proposal will be transferred to the client upon full payment of the amounts owed to INO. The know-how and other elements of intellectual property used or developed by INO in connection with the work are and will remain INO's sole property.
- 24. END-USER SOFTWARE LICENCE AGREEMENT.** Hardware sold by INO may include licensed software. The use of the licensed software is solely in connection with the hardware described in the proposal or the quotation and in compliance with the terms and conditions indicated in the end-user software licence agreement provided to client or otherwise available for client.
- 25. ACCEPTANCE OF THE DELIVERABLE.** The client will be deemed to have accepted the deliverable if he does not notify INO in writing within five (5) business days following receipt of such deliverable.
- 26. COOPERATION.** At INO's request, the client must provide all technical or other information available to it that is necessary or useful for the smooth performance of the services and production or provision of the products. When required, the client undertakes to help manage the work by attending any coordination meetings, receiving and analyzing documentation that is useful for the smooth performance of the work, and participating in important technical decisions.
- 27. EARLY CANCELLATION.** The client may, at its discretion, cancel the Agreement at any time before the services end by giving INO at least 30 days' prior written notice. Both parties may, at their sole and absolute discretion, cancel the Contract by forwarding a written notice to the other party at the end of each stage of completion of work when a GO/NO GO gate is provided in the Contract.
- 28. TERMINATION FOR DEFAULT.** Without penalty and without prejudice to its other rights and remedies, INO may, at its sole and absolute discretion, cancel the Agreement by giving the client written notice in the following cases: (i) The client fails to make a payment on the agreed date or breaches another obligation under the Agreement or any other agreement between it and INO, and fails to remedy the same within seven days of receiving written notice to do so; (ii) The client declares bankruptcy or becomes insolvent, transfers its assets to its creditors, or is declared bankrupt by a court of competent jurisdiction; (iii) The client, unless it is undergoing a restructuring approved by INO, shuts down its business's commercial activities, liquidates all or almost all of its assets, or is wound up; (iv) A creditor takes possession of the business or all or almost all of its assets, the business or the assets are placed in escrow, or a receiver is appointed to manage or liquidate the company or all or almost all of its assets, and such taking of possession, placement in escrow, or appointment of a receiver is not cancelled within five days of its occurrence.
- 29. PAYMENT TERMS APPLICABLE ON EARLY CANCELLATION.** In the event of early cancellation (regardless of the reason), the client must pay INO all costs for the services performed, including time, material and administrative fees, until the effective cancellation date.
- 30. DELAYS AND ADDITIONAL COSTS CAUSED BY THE CLIENT.** The client must pay for any delay or additional cost in supplying the services or products that it causes or that any of its subcontractors cause in connection with performing the services. INO cannot be held liable for any such delays or additional costs. The client assumes full liability for any delays caused this way through no fault of INO's; INO will automatically revise the performance schedule.
- 31. SAMPLES AND MATERIAL SURPLUS.** Unless expressly stated otherwise in the Agreement, sample, material and equipment provided by client or purchased by INO becomes client's property when incorporated into the deliverable, upon full payment payment of the amounts owed to INO. In case of surplus or if not incorporated into the deliverable, INO becomes owner and may dispose of such sample, material or equipment to its discretion.
- 32. INDEPENDENCE OF THE PARTIES.** The parties agree that they are independent businesses and that the Agreement does not create an agency, joint venture, employer-employee, or corporate relationship between them. The client acknowledges that it may not enter into any agreements or assume any obligations on INO's behalf, and may not in any way commit to INO's assumption of liability.
- 33. NOTICE.** All notices related to the Agreement must be given in writing and sent by email, registered mail or personal delivery, or any other method that makes proof of receipt possible. All notices to INO must be sent to the attention of Sales and Contract with a copy by email at [contrats.contracts@ino.ca](mailto:contrats.contracts@ino.ca).
- 34. CONTROLLED GOODS.** Note that INO complies with the requirements on the production of or access to controlled goods subject to the *Defence Production Act*, R.S.C., 1985, c. D-1, and is registered in the Controlled Goods Program (CGP). If the services fall within the CGP's scope, the client must inform INO of this fact. INO may request information in this regard and verify whether or not the client is duly registered in the CGP. Failure to comply with CGP rules may affect the performance of the services and may be deemed a breach of the Agreement.
- 35. EXPORT LICENSE.** Where applicable, the client must indicate the end use of the services or products so that INO may complete its application with the Canadian government to sell services or products that require an export license.
- 36. REGULATORY REQUIREMENTS.** The client is solely liable for all regulatory certifications. The client will not use the product prior to obtain all the required certifications.
- 37. REPORTING AND CERTIFICATION.** The client is solely liable to advise INO of its reporting obligations or certification requirements regarding ethic codes, regulations, directives and standards required for itself or its products including but not limited to ISO, RoHS, REACH, TSCA PTB and conflict minerals.

INO will cooperate with client and provide all information, upon written confirmation from client that INO's efforts will be compensated at the then INO's annual rates.

- 38. PUBLICITY.** So that INO may publicly promote its activities and expertise, the client will allow INO to publicly disclose, through press releases, announcements, presentations, or other means including on its web site, the following services-related information: the client's name, the title and subject of the services, the field of technology, the planned applications, the price, and the duration of the services. INO agrees to submit all draft publicity to the client for approval before publication.
- 39. INFORMATION SHARING.** INO must report on some of its research and development activities to the governments of Canada and Quebec, and may therefore send them information such as the client's name and contact information and the nature of the services provided to it.
- 40. GOVERNING LAW.** The Agreement is governed and will be interpreted according to the laws in effect in the province of Quebec. The parties expressly agree to exclude application of the United Nations Convention on Contracts for the International Sale of Goods (1980). Any dispute or disagreement related to the Agreement, its execution, or its interpretation may be submitted to the general law courts sitting in the judicial district of Quebec.
- 41. INTERPRETATION.** The Agreement's section titles are inserted solely to make the Agreement easier to read and may not be used to interpret it. The provisions of the Agreement are all separate and distinct, such that the invalidity of one does not affect the validity of the others, which will remain in full force and effect.
- 42. SURVIVAL.** All of the provisions or obligations in the Agreement that, by their nature, must survive the Agreement's termination or cancellation will remain in effect after such termination or cancellation.
- 43. MODIFICATION.** Any amendment or modification of the Agreement must be made in writing and agreed to by each party. Where applicable, an amendment or modification made in this way will take effect on the day it is added to the Agreement.
- 44. FORCE MAJEURE.** Except for the obligation to pay when payment is due hereunder, if either party fails to perform its obligations because of a force majeure event, that party's obligations will be suspended for as long as the force majeure event prevents or delays that party's performance. Force majeure means a party's inability to perform any of its obligations due to circumstances beyond its control that are caused by an unforeseeable and uncontrollable event through no fault of the party, including but not limited to any state of war, civil disturbance, quarantine, fire, flood, storm, earthquake, pandemic, strike; death, incapacity or resignation of key employee; intervention by a national or foreign government agency, explosion, or act of God. For the avoidance of doubt, the COVID-19 pandemic, the supply chain disruption and the rapid changes they are causing may constitute a force majeure event, and INO therefore reserves the right to modify the delivery schedule of the Agreement. A party that fails to perform its obligations hereunder due to a force majeure event must immediately send written notice of such inability to perform to the other party. Notwithstanding the foregoing, a party may terminate the Agreement vis-à-vis the party that is affected by a force majeure event by giving that party 20 days' written notice if the force majeure event persists for more than 30 days, or if during that time, performance of the obligations was not reasonably restarted within the 20 days thereafter.
- 45. LANGUAGE.** INO and client acknowledge that they have requested and agreed that the Agreement and all its related terms, conditions and documents be drawn up in English. INO et le client reconnaissent par la présente disposition qu'ils ont convenu que le Contrat ainsi que toutes les conditions et documents liés soient rédigés en anglais.