

VARITRON'S TERMS AND CONDITIONS OF SALE

These General Terms and Conditions of sale ("**General Terms**") govern any sale contract entered into between Groupe Varitron inc. ("**Varitron**") and the Customer whose name appears on the Varitron Purchase Order (the "**Customer**", and collectively with Varitron, the "**Parties**"), and no Customer purchase order or other written document provided by the Customer may bind or constrain Varitron in any way. Varitron's offers and sales and its acceptance of all orders are expressly subject to consent to these General Terms and Conditions by the Customer. The acceptance of a Varitron offer by the Customer must be in accordance with the Terms and Conditions specifically provided by Varitron. These General Terms and Conditions apply to all sales of Varitron products from the date included on the order form. Customers who do not agree to these Terms and Conditions should not order or accept any delivery of Varitron's products. By accepting or ordering Varitron products, the Customer is deemed to have consented to these General Terms and Conditions. The beginning of the service provision or the delivery of products may in no case be interpreted as an acceptance of Terms and Conditions by the Customer that are different from or in addition to the General Terms and Conditions. Amendments made from time to time by Varitron to the General Terms and Conditions will govern any call-ups subsequent to such changes made public. These General Terms and Conditions, together with the corresponding invoice from Varitron, include all terms, warranties and conditions relevant to each transaction between the Customer and Varitron, and may not be altered, modified or changed in any way unless otherwise agreed to in writing by means of a Master Supplier Agreement, hereinafter referred to as "MSA," signed by both parties including an authorized Varitron officer. Any Customer Terms and Conditions that are different from, or in addition to Varitron's Terms and Conditions are not recognized by Varitron and are of no effect unless expressly agreed by Varitron in writing.

1. MODIFICATION AND CANCELLATION

The Customer may advise Varitron to cancel, postpone or change a product or manufacturing process of any product for which a delivery has been scheduled. Varitron shall make commercially reasonable efforts to respond to any order modification request made by the Customer. Varitron may invoice the Customer for associated costs described below:

- (i) Schedule Change: Varitron shall allow Customers to delay orders for a period of up to thirty (30) days from Varitron's target delivery date. Withdrawal requests of more than thirty (30) days may, at Varitron's discretion, result in Varitron's billing of the Customer for any materials purchased as part of the order, or a possible cancellation of the order, as described in Section 1 (iii). The Customer may request shorter delivery times than those promised by Varitron. In such cases, Varitron will do everything in its power to meet the Customer's needs according to current commercial conditions. Stowage requests may require a new quotation from the Customer to reflect acceleration costs.
- (ii) Changes to Products and Processes: Upon receipt of a purchase order, any changes requested by the Customer to the product design or manufacturing process (including CDA changes) must be reviewed by Varitron to determine their possible impacts. If applicable, before making such changes, the delivery costs or impact resulting from these change requests will be communicated to the Customer in order to obtain written approval. Any product or material that can no longer be used to manufacture the product shall be the responsibility of the Customer as detailed in Section 1 (iii).
- (iii) Cancellation, Modification and Reduction of Orders: In the event of an order cancellation, modification or reduction, the Customer shall be responsible for all product assemblies that are completed or in production. The cost of products in production will be determined

based on the production status. The Customer is responsible for any NRE and tooling costs or any other one-time charges related to the production. The Customer is also responsible for all raw materials, including excess and obsolete materials, purchased by Varitron related to any order. The Customer will be charged a fifteen percent (15%) handling fee based on the value of the materials.

If Varitron determines, at any time and at its sole discretion, that the Customer's financial situation or solvency is inadequate or unsatisfactory, it reserves the right, in addition to its other remedies under these Terms and Conditions, to take one or several of the following measures:

- (i) With five (5) days' written notice, amend the payment terms described in Section 4 for future and pending orders, including, but not limited to, the possibility of requiring the Customer to make cash payments in advance or on delivery;
- (ii) Reject any order from the Customer;
- (iii) Cancel any purchase order already approved;
- (iv) Delay or hold delivery of any Customer order;
- (v) Stop delivery of any order in transit and ensure it is returned to Varitron;
- (vi) With five (5) days' written notice, terminate these General Terms and Conditions; or
- (vii) Advance the due date of all amounts payable by the Customer to Varitron.

No action or lack of action taken by Varitron under this Section shall constitute a waiver by Varitron of its rights and remedies under these General Terms and Conditions.

2. QUOTE

New Customer: New Customers must fill out a credit application and obtain credit approval before any requisition or order is processed and produced.

Validity of Quotations: All quotations are valid for a period of thirty (30) days from the date of issue to the Customer. When a purchase order is issued following a specific quotation, a signed copy of the quotation must be attached to this purchase order. Varitron shall have the right not to process a purchase order if the customer refuses to attach a copy of the signed quotation to the order form. Prices and lead times are subject to change if the quantity and/or specifications differ from original quotations.

Component Delivery Times: Varitron does not guarantee component delivery times. Additional costs may be incurred if component delivery times are longer than the ones initially proposed during the last quotation review and the Customer wishes to keep this deadline. These fees shall be charged to the Customer in full. Delivery times will be confirmed upon receipt of the order form only.

3. TAX AND CURRENCY

Tax and Currency: Prices are in United States dollars (\$US, USD) and do not include taxes (including but not limited to VAT, excise taxes and duties or federal or local taxes) or other duties required by the Government (together the "**Taxes**"). All such taxes shall be borne exclusively by the Customer, and Varitron may incorporate these taxes into the Customer's

invoice for Varitron products or issue a separate invoice. Payment of these taxes by Varitron shall not relieve the Customer of the responsibility to pay these fees, and any amount paid on behalf of the Customer will be due to Varitron by the Customer and shall be refunded on request. Varitron reserves the right to correct clerical or typographical errors, including price and terms and conditions errors.

4. TERMS OF PAYMENT

The sale price payable to Varitron by the Customer shall be payable by bank transfer.

Except as otherwise stipulated in these General Terms and Conditions, the terms of payment are net thirty (30) days from the date of the invoice as indicated on Varitron invoices, or in the Agreement between the Parties (MSA). Varitron will add a monthly service fee of two percent (2%) (without exceeding the maximum statutory rate) for any outstanding account. The Customer shall be liable for all costs incurred by Varitron, including reasonable legal fees, incurred in the attempt to recover such amounts due.

The Customer undertakes to provide Varitron with any relevant financial information requested by the latter, including, but not limited to, financial statements or confirmation of availability of the Customer's funds. The Customer agrees that Varitron is authorized to conduct credit checks with credit agencies or any other organization that assesses the Customer's credit.

The terms of payment may be subject to review following the customer's credit assessment. From time to time, Varitron may, as a condition of acceptance of a product delivery or order, require payment guarantees that it deems appropriate. Such guarantees could be in the form of an irrevocable letter of credit. All amounts or payments due shall be paid to Varitron without any deduction, withholding, or counterclaim.

The Customer is obligated to inform Varitron without delay and in writing of any event that has or could have adverse effects on the Customer's business activities or financial position, including:

- (i) A change in management in the Customer's business;
- (ii) Any significant proportion of sale, lease or exchange of the Customer's assets; or
- (iii) Any change of ownership or control of the Customer's business.

If the Customer is required by law to deduct or withhold amounts otherwise payable to Varitron, the Customer's payments shall then be increased to match the amount it owes to Varitron without deductions.

All Varitron products delivered hereunder remain the property of Varitron until the purchase price, including but not limited to, the price and delivery charges and taxes due to Varitron, have been paid in full. Furthermore, the Customer agrees to sign any documents that Varitron may require to validate, protect or maintain its security interest.

The Customer acknowledges and accepts that it does not have the right to withhold, compensate, recover or debit in respect to any amount due to Varitron by the Customer.

In the event that the Customer disputes all or part of an invoice, the Customer shall be obligated to pay the undisputed part of the invoice and to send to Varitron in writing the detailed reasons

for contesting such invoice, within thirty (30) days of receipt of the invoice, failing which the invoice will be deemed accepted.

5. SHIPMENT/DELIVERY

Shipment and delivery dates as indicated on Varitron purchase orders are to be considered estimates only, and are not guaranteed. Varitron cannot be held liable for any costs, expenses or damages incurred by the Customer or a third party, caused by shipping or delivery after the scheduled date. Any change made to an order will automatically result in a change in the shipping and delivery dates.

Incoterms: Deliveries are made in accordance with EXW, Incoterms 2010 (ex works). Notwithstanding the foregoing, Varitron may, at any time and at its sole discretion, ship its products under the terms of another Incoterm. In any case, the order may be divided into several parcels. The sale proceeds are acknowledged once delivery has been made to the carrier. The Customer must inspect the goods upon delivery and report any error or defect to Varitron within ten (10) days of said delivery, failing which Varitron will conclude that the delivered products matched the products listed on the purchase order.

6. CERTIFICATIONS: HANDLING AND EXECUTION OF WORK

Unless otherwise specified in a Contract between the Parties (MSA), Varitron certifies that handling is certified 09-055-00 Rec. C, ESD, moisture sensitive product and 09-005-01 Rev.E. Varitron's work is certified IPC-A-610D, class 2.

7. EXCESS AND/OR OBSOLETE INVENTORY

Excess Inventory: Varitron undertakes to maintain in stock, at its own expense, any excess inventory for a maximum period of ninety (90) days from the date of the last inventory movement. If this inventory has not been the subject of a movement associated with a Customer order during this period, Varitron reserves the right to invoice the Customer within thirty (30) days following this period.

The Customer can then decide to bring back its excess inventory to its warehouses or choose to leave it at Varitron's premises. In the event the Customer decides not to take back its inventory, Varitron agrees to keep the inventory for an additional ninety (90) days. These additional ninety (90) days will be calculated from the day on which the invoice is sent to the Customer. The payment terms for the excess inventory are net thirty (30) days. If the customer refuses to pay the invoice, Varitron reserves the right to send the inventory to the Customer at any time, at the latter's expense.

Obsolete: Varitron reserves the right to invoice the Customer for any obsolete material or inventory of material reserved specifically for it in connection with a quotation or contract and/or a contractual agreement (MSA). The invoice shall be issued within thirty (30) days following change of status to

obsolete. The Customer is responsible for informing Varitron of any obsolete materials related to quotations or contractual agreements.

Once the obsolescence has been determined, the Customer can decide whether he wants to bring the material back to its warehouses at its own expense or to authorize Varitron to dispose thereof. Any disposal fee shall be charged to the customer.

8. COMPLIANCE WITH RELEVANT LAWS, INCLUDING IMPORT/EXPORT RESTRICTIONS

Customer represents and warrants that Varitron Products will only be used in Canada or the United States. If Varitron Products will be used in a jurisdiction other than Canada or the United States, the Customer agrees to sign, upon Varitron's request, an End-Use Certificate stating that Varitron Products will not be used, resold or exported in contravention of Canadian and US rules and sanctions. The Customer represents and warrants that Varitron Products will be used for civilian purposes only and will not be used, resold or exported in contravention of Canadian and US rules and sanctions.

9. LIMITED WARRANTY

Varitron guarantees each of its products to the Customer against manufacturing and material defects that could prevent the products from functioning in accordance with the functional specifications as defined at time of shipment, for a period of ninety (90) days following the shipment date. This limited warranty is invalid if the product is:

- (i) Misused or improperly installed;
- (ii) Repaired or modified;
- (iii) Damaged due to a fortuitous event;
- (iv) Damaged during shipping or handling.

This limited warranty grants Varitron the power to repair or replace the product or refund the purchase price. VARITRON'S OBLIGATION UNDER THIS LIMITED WARRANTY DOES NOT INCLUDE ANY OTHER COSTS OR EXPENSES, INCLUDING, BUT NOT LIMITED TO, ANY COSTS OR EXPENSES RELATED TO WITHDRAWAL OR REINSTALLATION, FOR WHATEVER REASON, OR ANY OTHER COSTS, IMPOSED OR INCURRED (FOR EXAMPLE, AND WITHOUT LIMITATION, LABOUR COSTS OR EXPENSES, ADMINISTRATIVE EXPENSES, OR FOR THE PURPOSE OF COMPLYING WITH THE REQUIREMENTS OF THE LAW OR GOVERNMENT AGENCIES). THE ABOVE WARRANTY IS THE CUSTOMER'S EXCLUSIVE REMEDY FOR ANY ALLEGED OR ACTUAL DEFECTS IN ANY PRODUCT, AND ALL OTHER WARRANTIES, INCLUDING ANY LEGAL OR STATUTORY WARRANTIES, ARE HEREBY EXCLUDED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. NO ORAL OR WRITTEN DECLARATION BY VARITRON OR ITS EMPLOYEES, CONSTITUTES OR CREATES ANY WARRANTIES THAT MIGHT EXTEND THE SCOPE OF THE WARRANTY HEREUNDER. TO THE EXTENT PERMITTED BY LAW, VARITRON SHALL UNDER NO CIRCUMSTANCES BE LIABLE TO ANY CLIENT FOR (I) ANY INDIRECT, SPECIAL, OR EXEMPLARY DAMAGES (EVEN IF VARITRON HAS BEEN NOTIFIED OF THE POSSIBLE OCCURRENCE OF THIS TYPE OF DAMAGE), ARISING OUT OF THE FUNCTIONING OR NON-FUNCTIONING OF THE PRODUCT OR OTHER TERMS OF THE CONTRACT RELATING THERETO (INCLUDING DAMAGES CAUSED BY THIRD PARTIES), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR

ANTICIPATED PROFITS, OR LOSSES RESULTING FROM THE INTERRUPTION OF ACTIVITIES, OR (II) FOR ANY AMOUNT EXCEEDING THE PURCHASE PRICE OF THIS PRODUCT. THE CUSTOMER ACKNOWLEDGES THAT THIS LIMITATION OF LIABILITY IS A MAJOR FACTOR IN DETERMINING THE PRICE OF THE PRODUCT AND THAT ACCEPTING THIS LIMITATION OF LIABILITY CONSTITUTES A FAIR ALLOCATION OF RISK.

To benefit from this limited warranty, the Customer must return the so-called defective product in accordance with the "return" policy set forth below, within the period specified in the warranty.

Customer may not benefit from this limited warranty if it notifies Varitron that certain specifications, components or methods must be used by Varitron when manufacturing Varitron products.

10. RETURNS

Customers wishing to return a product must first contact Varitron directly to obtain a Return Merchandise Authorization (RMA) number. Customers may contact Varitron Monday through Friday from 9:00 am to 5:00 pm and ask to speak to their Program Manager at 450-926-1778 and explain why they wish to return the merchandise.

If the reason for return complies with the provisions of the product warranty, Varitron will send an ARM form that must be completed and returned with the product. If the reason for return does not comply with the provisions of the product warranty, Varitron will decide whether to send an ARM form; in this case, Varitron will have no obligation to accept a return if:

- (i) The warranty has expired beyond ninety (90) days from the invoice date;
- (ii) The Product(s) is(are) unfit for sale (including, but not limited to, the fact that it has (they have) been used in a manner that is not recommended or subject to conditions that void the warranty).

Any product returned to Varitron without a valid ARM number will be refused, and the Customer will be liable for all return shipping charges, including applicable taxes.

If issued, the MRA number is valid for a period of thirty (30) days. Products not returned to Varitron within this time frame will not be accepted for any reason. Once an MRA number has been assigned to a product, the Customer is liable for all shipping costs, including applicable tax costs.

Regardless of the reason for issuing an MRA number, the Customer will be liable for any damages or material losses that may occur during shipping.

11. RETURN OF ALLEGEDLY DEFECTIVE PRODUCTS

Compliant Product: If, after examining the product, Varitron concludes that it complies with the terms of the guarantee, Varitron shall reimburse the Customer for the return shipping costs and applicable taxes, up to the normal UPS rate for non-expedited ground shipping delivery. The calculation for return freight will be limited to transit from the Customer's address to the manufacturing plant. In the event that Varitron prefers to repair or replace a product that does

not meet the warranty conditions, the delivery and shipping process will be in accordance with the paragraph above entitled "Delivery/Shipping."

Non-Compliant Product: If, after examining the product, Varitron concludes that it does not comply with the terms of the warranty, Varitron will return the product to the Customer at the latter's expense, as stipulated in the paragraph above, entitled "Delivery/Shipping," provided the Customer has prepaid the shipping costs and the inherent taxes, and pays Varitron the inherent costs associated with the handling and investigation of product compliance. If the Customer does not pay these costs and taxes within thirty (30) days of the date of the invoice, Varitron will not acknowledge any obligation to return the products to the Customer, and will deem them its property. If the product is delivered to Varitron and parts or components are missing or damaged, additional fees will be charged to the Customer to replace them.

12. INTELLECTUAL PROPERTY

Nothing herein shall grant the Customer or the End Users of Varitron Products any rights, titles or interests in the intellectual property rights (including, but not limited to, patents, trademarks, copyrights, trade names or trade secrets of Varitron, its licensors or suppliers) incorporated in or associated with the related products, services or software that may already be installed or included with the products or services specified in the Customer's order.

Any action taken by Varitron to fulfill the Customer's order, whether it constitutes original work or an improvement to a Customer's technology or intellectual property, is and shall remain the exclusive property of Varitron. Any intellectual property or trade secret of Varitron, its licensors or suppliers that is included or installed in a product is licensed to the Customer by Varitron and not sold.

The licence is non-exclusive and is limited to use with the product and subject to all other terms and conditions of the Customer's order. The Customer agrees not to sell, transfer, sublicense, reverse engineer, or disassemble or redistribute the intellectual property or trade secret of Varitron, its licensors or suppliers that is incorporated into the product specified in the Customer's order.

The Customer undertakes not to allow a third party to copy this intellectual property or otherwise make it available to third parties. No other use is permitted and Varitron (or, as applicable, its licensors and suppliers) retains any title and property to and in any intellectual property or trade secret incorporated in the products delivered under the terms of the Customer's order.

13. COMPENSATION

The Customer undertakes at all times to defend, indemnify and save harmless Varitron, its officers, directors, employees, shareholders, managers, lawyers, agents, affiliates, successors and assigns from all liability in respect of claims for damages, injuries (including fatalities), losses, costs, including legal fees and reasonable expenses arising from any claims, lawsuits or demands by a third party or from another party arising from:

- (i) Any breach of these Terms and Conditions by the Customer or the End User;
- (ii) Any improper or negligent installation or unauthorized repair.

The Customer may not settle, accept a compromise or consent to the registration of any judgment in respect of an ongoing or potential claim without the consent of Varitron, unless

such settlement, compromise or consent includes an explicit and unconditional waiver of all other claims for damages, losses, expenses, including legal costs and costs arising from any lawsuit, against Varitron.

14. APPLICABLE LAW

These General Terms and Conditions govern each sale contract by Varitron; the law applicable to sales under these General Terms and Conditions shall be that in force in the Province of Quebec, and any proceedings regarding these General Terms and Conditions and/or relations between the Parties shall be brought exclusively before the competent courts in the judicial district of Montreal. The United Nations Convention on Contracts for the International Sale of Goods is hereby excluded and, therefore, does not apply.

15. MISCELLANEOUS

If any provision of these General Terms and Conditions is deemed void or unenforceable, in whole or in part, by a court of competent jurisdiction, then, to the fullest extent permitted by applicable law, (a) all other provisions of this Agreement shall remain entirely valid and (b) Varitron and the Customer agree to join their efforts to negotiate a replacement clause that will be legally equivalent, to the extent possible, to the original General Terms clause declared void and not applicable.

Any waiver by Varitron or the Customer of any default or breach of any provision of the General Terms and Conditions by either Party shall not be construed as an exemption from any subsequent breach of the same term or other condition of General Terms and Conditions, and may not delay or waive the authority of any of the Parties to exercise or assert any rights or privileges that they hold or may hold hereunder, and shall not be construed as a waiver of this right or remedy or any other right or remedy by any of these Parties. Waivers must be in writing and signed.

Nothing herein shall be construed to have the purpose of creating any partnership, joint venture or agency relationship between the Parties.

All private, confidential or proprietary information of Varitron, including but not limited to order prices, is strictly confidential and may not be released or reproduced without the prior written consent of Varitron.

The General Terms and Conditions are for the sole benefit of the Parties and their respective successors and permitted assigns, and no provision of the General Terms and Conditions is intended to confer on any other person or entity a right, benefit or remedy of any nature whatsoever.