

License Terms and Conditions

These following terms of license (“**Terms and Conditions**”) are the legal binding agreement between Visual Factories Ltd., (“**VF**”) and the respective licensee who purchased the license to use Product (as defined below) under the Proposal (as defined below). Upon execution of the Proposal, you (“**you**”, “**Your**”, “**Licensee**”) agree to these terms and conditions governing the use of the License and the services offered therewith. VF encourages you to read the Terms and Conditions fully and carefully.

1. DEFINITIONS

- 1.1. “**Proposal**” means that certain proposal for the license and use of the Product executed by the parties;
- 1.2. “**Hardware**” means the hardware components set forth in **Schedule 1.2**, attached hereto, to the extent required;
- 1.3. “**Infrastructure**” means the Licensee's hardware and software infrastructure which completely adhere to the specifications set forth in the Proposal;
- 1.4. “**Intellectual Property Rights**” means all intangible legal rights, titles and interests, including without limitation, all inventions, patents (whether patentable or un-patentable and whether or not reduced to practice), patent applications, trademarks, service marks, trade dress, logos, trade names, and corporate names, domain names, any work of authorship (regardless of copyrightability), copyrights (including moral rights), trade secrets, Confidential Information (as such term is defined below), and all other proprietary rights in whatever form or medium, in each case on a worldwide basis;
- 1.5. “**Product**” means VF’s proprietary performance improvement management (PIM) system, as further set forth in **Schedule 1.4** attached hereto, together with accompanying documentation related thereto in addition to software components (“**Software**”).

2. LICENSE AND INTELLECTUAL PROPERTY RIGHTS

- 2.1. **License**. Licensee is granted a fully revocable, non-exclusive, non-transferable, non-assignable, non-sub-licensable, limited to the terms herein, limited license to use the machine readable, object code form only of the Product for Licensee's internal business purposes in accordance with the VF specifications provided therewith, to install and use the Product solely on the designated equipment at Licensee's premises and solely for Licensee's use (“**License**”).
- 2.2. **Licensee's Limitations**. Other than as explicitly stated in the Proposal, Licensee shall not itself or with the assistance of others and/or shall not allow a third party to: (i) attempt to obtain, receive, review, or otherwise use or have access to the source codes of the Product's Software (or any part thereof) by de-compilation, disassembly or other means; attempt to revise, modify or enhance the Product, or any part thereof, or enable any third party to do the same; (ii) copy, modify or merge the Product, or any part thereof; (iii) sell, license, lease, assign, transfer, pledge, or share the License with/to any third party; (iv) directly or indirectly, take any action to contest VF’s Intellectual Property Rights or infringe them in any way; and (v) use the name, trademarks, trade-names, and logos of VF in any manner whatsoever.
- 2.3. **Reserved Rights**. All rights with respect to the Product, or part thereof, not specifically granted to Licensee hereunder are reserved by VF. All Intellectual Property Rights evidenced by or embodied in or attached, connected and/or related to the Product, and any part thereof, including any and all new versions and/or revisions thereof, and derivative works or inventions relating thereto, are and shall remain in sole ownership of VF, its successors and assigns.
- 2.4. **Third Party Software**. If the Product or any part thereof, contains any software provided by any third parties, the Terms and Conditions shall apply to all such third party software as if such software was

VF's.

3. **DELIVERY, INSTALLATION AND MAINTENANCE**

- 3.1. **Hardware.** To the extent agreed that the Licensee requires the Product to include Hardware, the cost of such Hardware shall be borne and delivered by the Licensee.
- 3.2. **Infrastructure.** It shall be Licensee's sole responsibility, at its' owns cost and expense, to acquire the Infrastructure components necessary for the seamless installation and operation of the Product at the Licensee premises.
- 3.3. **Installation.** Licensee shall be responsible for installing the Product at the Licensee's premises and to ensure that the infrastructure is compatible to the requirements as set forth in the Proposal, including the Infrastructure components with respect to the collection of the required data from the Product.
- 3.4. **Maintenance.** VF itself and/or through third parties, shall make available and provide the Licensee, timely, professional and adequate Support as set forth in **Schedule 3.4** attached hereto (the "Maintenance Services").

4. **PAYMENT**

- 4.1. In consideration for the License granted hereunder, including all Maintenance Services, the Licensee shall pay a monthly fee, per machine, subject to the execution of a minimum order for twelve (12) months from VF, as set forth in the proposal (the "License Fee" and the "Minimum Order", respectively).
- 4.2. **Payment Terms.** Each year, the License Fee will be paid, according to VF's sole discretion, in one of the following methods, as set forth in the Proposal: (i) bi-annually, the first of which shall be made by the Licensee upon completion of the installation and no later than 45 days following the acceptance of the Proposal, and the second payment six (6) months thereafter; or (ii) quarterly, the first of which shall be made by the Licensee upon completion of the installation and no later than 45 days following the acceptance of the Proposal, and the second, third and fourth payments three (3), six (6) and nine (9) months thereafter; or (iii) twelve (12) equal monthly payments, the first of which shall be made by the Licensee upon completion of the installation and no later than 45 days following the acceptance of the Proposal, and thereafter each payment shall be made in advance of the subsequent month.
- 4.3. **Taxes.** Value added tax, service tax and such other similar taxes, to the extent applicable, shall be added by Licensee to any payment made to VF.
- 4.4. **Payment.** Payment due to VF in consideration of the License shall made by wire transfer to VF's account (the details of which shall be provided by VF in writing from time to time). Wire transfer costs shall be borne by Licensee.

5. **CONFIDENTIAL INFORMATION**

- 5.1. **Confidential Information.** "Confidential Information" shall mean, without limitation, any data or information of VF, not made available to the general public, oral, written or electronic, or learnt by VAR, and including without limitation, past, present, and future research, development, inventions, processes, plans, business activities and business plans, financial and/or legal and/or contractual information (including the Terms and Conditions), customer list and price list, information relating to developments, customer and supplier lists, forecasts, and projections, as well as the Product related documentation and any modifications, enhancements and derivative works thereof.
- 5.2. **Undertakings.** Licensee will take appropriate steps to protect such Confidential Information from unauthorized disclosure, that it will not disclose such Confidential Information to any third party other than those of its employees on a "need to know" basis, who are bound by confidentiality

obligations no less restrictive than those set forth herein, and that it will not use any Confidential Information (other than as authorized herein) without the prior written consent of VF. Licensee's obligations with respect to Confidential Information shall continue until such information becomes publicly known (other than due to breach of the Terms and Conditions Licensee). Licensee hereby acknowledges that unauthorized disclosure or use of Confidential Information could cause irreparable harm and significant injury to VF that may be difficult to ascertain. Accordingly, Licensee agrees that VF, in addition to any other right or remedy that it may have available to it at law or in equity, will have the right to seek immediate injunctive relief to enforce obligations under the Terms and Conditions without the necessity of proving actual damages.

- 5.3. **Publications.** Licensee hereby agrees that VF mention Licensee in publications related to VF and/or the Product, as a customer of its Products.

6. **WARRANTIES AND LIABILITY**

- 6.1. **LIMITED WARRANTY.** VF warrants that for a period of twelve (12) months commencing as of the date of installation of the Product at Licensee's facility, but in no case later than 45 days thereafter (the "**Warranty Period**"), the Product and the components thereof, shall substantially conform to their then current written specifications upon installation of such Products (the "**Warranty**"). VF makes no warranty that the Product software shall be free from bugs, however in the event that any bugs are detected, VF shall provide the respective Maintenance Services in accordance with the terms set forth in the Proposal. The parties acknowledge that the Product is inherently complex and may not be completely free of errors. Other than the Limited Warranty, VF MAKES NO WARRANTIES, EXPRESS OR IMPLIED, RELATING TO THE PRODUCT. VF DISCLAIMS AND EXCLUDES THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE INFORMATION PROVIDED UNDER THE PROPOSAL SHALL BE READ AS A GENERAL STATEMENT AND NOT AS A REPRESENTATION AND/OR WARRANTY OF ANY KIND BY VF. VF SHALL NOT BE LIABLE TO LICENSEE, OR ANY THIRD PARTIES FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY DAMAGE OR INJURY TO BUSINESS EARNINGS, LOST PROFITS OR GOODWILL AND PERSONAL INJURY, SUFFERED BY ANY PERSON ARISING FROM AND/OR RELATED AND/OR CONNECTED TO THIS AGREEMENT OR TO THE PRODUCT, EVEN IF VF IS ADVISED OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.
- 6.2. **Exclusions.** Without derogating from the generality of the aforesaid, Licensee acknowledges that VF shall have no liability whatsoever and its Warranties with respect to the Product shall be void in one or more of the following: (i) the misuse, improper use, alteration, or damage of the Product, or any part thereof, including the failure to use the Product in accordance with VF's then current published environmental conditions (including, without limitation, specified electric power and/or supplies); (ii) the combination or merging of the Product, or any part thereof, with any Hardware or software not supplied or specifically identified as compatible by VF; (iii) natural disasters, including fire, smoke, water, earthquakes or lightening; (iv) electrical power fluctuations or failures; or (v) malfunctions of the Customer's Infrastructure and/or hardware equipment; or (vi) any malfunctions in connection to the installation of the Infrastructure and any data generated as a result therewith; or (vii) any malfunctions of the Product generated as a result of poor internet connection and/or no internet connection at the Customer's site.
- 6.3. **Maximum Liability Amount.** If VF is found liable for damages of any kind (including liability for negligence) related to the product and/or these Terms and Conditions, VF's total aggregate liability for such damages will be limited to the remedies specified in these Terms and Conditions and/or the applicable purchase order executed by the Licensee ("**PO**") and shall not exceed the amount of fees paid by Licensee to VF during the six (6) months preceding the event giving rise to the liability.

7. TERM AND TERMINATION

- 7.1. **Term.** The License shall come into force as of the acceptance of the Proposal and shall continue for a period of twelve (12) months (the "**Initial Term**"). On the lapse of the Initial Term the License shall automatically renew for additional terms, each time for a twelve (12) month period (the "**Additional Terms**"), unless either party informs the other party in writing that it does not wish to renew the License, at least sixty (60) days prior to the end of the Initial Term or the Additional Term, as applicable. The Initial Term together with the Additional Terms shall be jointly referred to in this Agreement as the "**Term**". Notwithstanding, each Party has the right to terminate the License at any time, for or without assigning a cause by way giving the other party a sixty (60) day prior written notice.
- 7.2. **Termination for Breach.** VF may immediately terminate the License and the provision of maintenance and support to the Licensee, at any time by giving written notice to the Licensee in the event of breach or default of any provision herein, and the Licensee fails to cure the breach or default within thirty (30) days after being given written notice specifying details of the breach or default and requiring the same to be remedied and In the event of a delay in payment by Licensee in excess of fifteen (15) days and failure to cure such breach within seven (7) days.
- 7.3. **Consequence of Expiration or Termination.** Upon the expiration or termination of the License all Licenses granted hereunder shall cease to exist and Licensee shall: (i) promptly return to VF all tangible property representing VF's Confidential Information and all copies thereof and/or Intellectual Property and delete or destroy all intangible copies of such items, and confirm such actions in writing to VF; (ii) cease any use of the Product; (iii) uninstall the Product at Licensee's premises; and (iv) all the Hardware elements supplied by VF with respect to the License, if any, will be returned to VF within no later than (30) days following termination.
- 7.4. **Survival.** Notwithstanding any termination of this Agreement Sections: 1, 2.2, 2.4, 5,5 and **Error! Reference source not found..3** shall survive and continue to be in effect in accordance with their terms.

8. GENERAL PROVISIONS

- 8.1. **Amendments, Conflicts.** No provision in the Proposal and/or the PO (unless otherwise specifically stated therein) will supersede the Terms and Conditions and the Terms and Conditions will prevail in case of discrepancy.
- 8.2. **Governing Law and Jurisdiction.** The terms and Conditions, Proposal and/or PO shall be construed and governed exclusively in accordance with the laws of the State of Israel, excluding its conflict of law provisions, and only the courts in Tel Aviv, Israel shall have jurisdiction in any conflict or dispute arising hereof.

SCHEDULE 1.2 - HARDWARE:

The Product Hardware may vary depending on the infrastructure requirements.

Following is the list of hardware elements that may be used with the different infrastructures:

1. PIM_PLC;
2. PIM_Relay;
3. PC for the PIM_Gateway;
4. Cellular modem for the data transmission from the PIM_Gateway to the cloud based PIM_server;
5. It may be that part or all the hardware elements required as a complete infrastructure will be packed in casings.

SCHEDULE 1.4 - PRODUCT:

The PIM - Performance Improvement Management system incorporates Industry4.0/Industrial Internet of Things (IIoT) infrastructure with analytics platform and Gamification method.

PIM main applications:

1. Personal machine screen presenting real time performance data.
2. Operator HMI for complimentary manual reporting.
3. Real-time monitor presenting multiple machine screens in one view.
4. Productivity and OEE reports
5. Monthly continues improvement report.
6. Interactive, web based, reporting dashboard presenting Key Performance Indicators, per any period of time.

SCHEDULE 3.4 MAINTNANCE SERVICES

1. **Scope.** Subject to receipt of the License Fee, VF shall provide Licensee the following services:
 - Remote control assistance via VPN or Team Viewer access to all system components
 - Proper function verification to all system services and processes
 - Version updates for maintenance and improvement purposes
 - Answering operational and training questions on system usage
 - Backup for system applications and databases
 - Remote support in the event that Licensee cannot solve such errors pursuant to investing best efforts and if Licensee advises VF via e-mail of the exact nature of the problem within [24 hours] of its occurrence.
 - **Remote Access.** To enable VF to provide Licensee with the most adequate Remote Support and as a condition thereto, VF uses a remote maintenance operation, which enables VF to view the Product, as well as the Customer infrastructure, files and logs and to extract the necessary information to provide the maintenance services ("**Remote Access Services**"). VF cannot guarantee that no breach whatsoever of security shall occur. The Remote Access Services provide VF similar troubleshooting capabilities to an on-site visit of VF's personnel, with the major advantage of an immediate and prompt reply by a variety of VF experts. Licensee shall provide VF with remote access to the Product and Infrastructure, files and logs to enable VF to provide such Remote Access Services. Licensee understands and agrees that in the event that such remote access is denied or unavailable, VF cannot commit to the time frames pertaining to Error response and solution as set forth hereunder, or to the provision of any services set forth herein. The Remote Access Services do not include traveling to the production sites and proper function of the computers, hardware elements and the communication system between them at the production sites.
2. **Updates and New Releases.** During the term of the License Agreement, VF will provide Licensee with Updates free of charge. Any new release, when generally made available by VF, will be offered by VF to Licensee subject to an additional charge. The determination whether a new release, modification, revision, improvement and/or change in or to the Product should be classified as a "new release" or "update" will be made by VF at its sole and exclusive discretion.
3. **Response Time and Error Correction.** VF shall exercise all commercially reasonable efforts to respond initially to all queries made by Licensee as set forth below:

Error Type	First Response Time
Critical Error (defined according to customary market values)	Within four (4) hours during the Service Time
Non-Critical Error	Within two (2) working days

Licensee shall advise VF of all errors via e-mail and/or telephone. Only Critical Errors may be advised by phone.

4. **On Site Support.** In the event that remote support fails, despite its best efforts to do so, to resolve a critical or non-critical error and Licensee's personnel have made all reasonable efforts based on instructions from VF's engineers to resolve such problems, VF shall dispatch an engineer to the site, provided that Licensee shall reimburse VF for all reasonable expenses. Actual time of arrival at the Licensee site will be subject to air transportation availability. At all times, VF's engineer must be accompanied on site by Licensee project supervisor or engineer.
5. **Service Time**
VF Support center working hours: Monday – Thursday 08:00-17:00 GMT, Friday 08:00-14:00 GMT, excluding local holidays.
* After working hours support will be given to urgent cases only.