

Velaria Systems

Terms and Conditions of Sale

These Terms and Conditions of Sale (these "Terms") apply to the purchase of Standard Products and/or Custom Products (each as defined below) from Velaria Systems, a Coolege Lighting Inc. brand, or any of its subsidiaries or affiliated corporations, as specified in the applicable Quotation (as defined below) (collectively, "Velaria"). All Quotations, Purchase Orders, bills of lading and invoices for the Products or any delivery of the Products, including any services related thereto, shall incorporate and be subject to these Terms and together shall constitute the entire agreement between the buyer of the Products identified on the Quotation ("Buyer") and Velaria (collectively, the "Agreement"). No other terms or conditions, including without limitation Buyer's standard purchase order terms and conditions, will have any application to this Agreement or any transactions occurring pursuant hereto, unless specifically accepted in writing by Velaria.

1) DEFINITIONS

"Custom Product" means any Velaria product that is not a Standard Product, including without limitation PVC materials, Wall and Ceiling Finishes, custom luminaires, modified or customized versions of Standard Products or any variant to the Standard Products.

"Quotation" means a written document provided by Velaria or a Velaria representative to Buyer which shall set forth the description of the Products, the quantity of Products offered by Velaria, the price for the Products, the address of delivery, expected delivery date(s), and any other applicable specific terms.

"Products" means, collectively, the Standard Products and Custom Products.

"Purchase Order" means a written purchase order provided by Buyer or Velaria based on the commercial terms specified in the Quotation.

"Specifications" means the technical specifications of Velaria regarding the Products and their components.

"Standard Product" means any product that is listed on the Velaria price list or defined on the list of Velaria's standard products on Velaria's website, as may be updated from time to time, including without limitation FABRILum Luminaires, downlighting products, light sheet products, LED drivers, systems, assemblies and accessories.

"Taxes" means all taxes, duties, charges or levies by any multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or quasigovernmental body, including goods and services taxes, sales taxes and harmonized sales taxes but excluding taxes payable on Velaria's income or capital, which are now applicable or which may be imposed in the future.

2) QUOTATIONS

Quotations are to be treated as invitations and not offers to sell. Each Quotation is open for acceptance within the period stated within the Quotation or, when no period is stated, within one hundred twenty (120) days from the date of the Quotation, but any Quotation may be withdrawn or revoked by Velaria at any time prior to the receipt by Velaria of Buyer's acceptance thereof. Velaria will determine the minimum order value applicable from time to time. The price offered in a Quotation is based on the quoted quantities and product specifics only and upon the quantities referred to in the Quotation. A surcharge may be applied for orders of less than the minimum order value. Velaria reserves the right to amend offer pricing where a material change in manufacturing costs or exchange rates becomes apparent. Velaria reserves the right to amend the prices in line with the price list.

3) PURCHASE ORDERS AND CONFIRMATIONS

Purchase Orders submitted by Buyer will not be binding until accepted by Velaria by issuance of an order confirmation, at which time the Purchase Order shall become binding and non-cancellable by the buyer. All information in an order confirmation is deemed correct unless Buyer notifies Velaria of an error within one (1) business day following the issuance of the order confirmation. An order confirmation is valid for a period of twelve (12) months from the issuance date, after which Velaria reserves the right to cancel the order and retain any non-refundable payments.

4) INVOICES, CURRENCY AND TAXES

Velaria will invoice Buyer as stated in the applicable order confirmation. If deliveries are made in installments, each installment may be separately invoiced and shall be paid for when due. Buyer must notify Velaria of any invoice disputes, in writing, within twenty-one (21) business days following the invoice date. Unless otherwise agreed to in writing by Velaria, prices in any Quotation, Purchase Order or order confirmation are in the currency of the United States of America (USD). The prices in any Quotation, Purchase Order or order confirmation are exclusive of Taxes, all of which will be paid by Buyer. Concurrently with payments to Velaria hereunder, Buyer will remit to Velaria all Taxes due in respect of the amounts payable by Buyer hereunder. If any Taxes are required to be withheld, then Buyer will pay Velaria an amount such that the net amount received by Velaria after withholding of such taxes will equal the amount that would have been otherwise payable.

5) PAYMENT

a) Unless otherwise agreed to in writing by Velaria, terms of payment for orders will be net thirty (30) days from the date of invoice. The terms of payment are subject to review of Buyer's credit by Velaria. All payments shall be made to the designated Velaria address as stated on the invoice. No discount is allowed for early payment unless agreed to in writing by Velaria. Notwithstanding the foregoing, at the time of placing a Purchase Order for any Custom Products, Buyer shall make a non-refundable payment to Velaria for an amount not less than fifty percent (50%) of the aggregate payment due under such Purchase Order. For the sake of clarity (i) the fifty percent (50%) payment due at the time of the Purchase Order for Custom Products shall be applied against the invoice of the Custom Products delivered, and (ii) the balance of the invoice is due upon delivery of the Custom Products, unless agreed otherwise between Velaria and Buyer in writing. Unless otherwise expressly set forth in this Agreement or agreed to in writing by Velaria, all payments and deposits are non-refundable.

b) In addition to any other rights and remedies Velaria may have under applicable law, interest will accrue on all late payments at the rate of eighteen percent (18%) per annum or the applicable statutory rate, whichever is higher and to the extent permitted by applicable law, from the due date until payment in full.

c) All deliveries of Products agreed to by Velaria shall at all times be subject to credit approval of Velaria. If, in Velaria's judgement, Buyer's financial condition at any time does not justify production or delivery of Products on the above payment terms, Velaria may require full or partial payment in advance or other payment terms as a condition to delivery, and Velaria may suspend, delay or cancel any credit, delivery or any other performance by Velaria.

d) In the event of any default by Buyer in the payment of any fees or charges due, or any other default by Buyer, Velaria, shall, in addition to any other remedies available under the Agreement or at law, have the right to refuse performance and/or delivery of any Products until payments are brought current and Velaria may suspend, delay or cancel any credit, delivery or any other performance by Velaria.

e) Payment method will be agreed upon before order confirmation. In case of payment by check, a US\$50 returned check fee will be assessed for any check returned for any reason. Accounts that are in arrears due to a returned check may be suspended until the balance is paid in full, including returned check and reactivation fees.

6) DELIVERY AND QUANTITIES

a) Unless otherwise set forth on the order confirmation, all shipments of Products are Ex Works (Incoterms 2020) from the applicable Velaria distribution or manufacturing facility, at which point the Products shall be deemed delivered. At Buyer's request, Velaria may coordinate shipping on behalf of Buyer in North America. Buyer will be charged a shipping and handling fee and the Order will be shipped via routing of Velaria's choice. Orders shipped outside North America where the Buyer does not wish to arrange their own pickup and transportation, will include shipping and handling fees as determined by Velaria and shipped via routing of Velaria's choice. Orders may be shipped in multiple shipments at Velaria's choice. Delivery dates communicated or acknowledged by Velaria are approximate only, and Velaria shall not be liable for, nor shall Velaria be in breach of its obligations to Buyer, for any delivery made within a reasonable time before or after the communicated delivery date. Velaria agrees to use commercially reasonable efforts to meet the delivery dates communicated or acknowledged by it on the condition that provides all necessary order and delivery information sufficiently prior to such delivery date.

b) Buyer will give Velaria written notice of failure to deliver and thirty (30) days within which to cure. If Velaria does not deliver within such thirty (30) day period, Buyer's sole and exclusive remedy is to cancel the affected and undelivered portions of the Agreement.

c) Buyer must give Velaria written notice of any damage that occurred during shipping, or any missing items from order, within 3 days of delivery for appropriate replacement or credit.

d) Title in the Products and risk of loss in the Products shall pass to Buyer upon delivery to the first carrier at the Velaria distribution or manufacturing facility. As collateral security for the payment of the purchase price of the Products, Buyer hereby grants to Velaria a lien on and security interest in and to all of the right, title and interest of Buyer in, to and under the Products, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing.

e) If Buyer fails to take delivery of Products ordered, then Velaria may deliver the Products in consignment at Buyer's cost.

f) In the event Velaria production is curtailed for any reason, Velaria shall have the right to allocate its available production and Products, in its sole discretion, among its various customers and as a result may sell and deliver to Buyer fewer Products than specified in the Agreement, as the case may be.

7) FORCE MAJEURE

If by reason of any fact, circumstance, matter or thing beyond the reasonable control of Velaria, Velaria is unable to perform in whole or in part any obligation under this Agreement, Velaria shall be relieved of that obligation under this Agreement to the extent and for the period that it is so unable to perform and shall not be liable to Buyer or any other third parties in respect of such inability.

8) INFORMATION AND DRAWINGS

All descriptive specifications, illustrations, drawings, data, dimensions and weights furnished by Velaria or otherwise contained in catalogues, price lists and other advertising matter of Velaria are approximate only and are intended to be by way of a general description of the goods and shall not form part of

the contract. Information is subject to change at any time at Velaria's sole discretion.

9) LIMITED WARRANTY AND LIMITATION OF LIABILITY

9.1 Limited Warranty; Disclaimer of Warranties. The limited warranties attached hereto as Addenda A and B shall apply to the Products and Installation and Operational Advice Services (as defined in Addendum B), respectively. OTHER THAN THE LIMITED WARRANTIES ATTACHED HERETO AS ADDENDA A AND B, ALL OTHER WARRANTIES ARE EXPRESSLY EXCLUDED AND DISCLAIMED INCLUDING, WITHOUT LIMITATION, EXPRESSED AND IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING, USAGE OF TRADE, OR COURSE OF PERFORMANCE. It is understood and agreed that Buyer shall be solely responsible for any warranty terms or obligations that Buyer grants to a third party beyond those provided hereof by Velaria. Velaria shall have no liability under any limited warranty, unless Velaria is notified in writing promptly upon Buyer's discovery of the defect and the defective items are returned to Velaria or its distributors via a return merchandise authorization, freight prepaid, and received by Velaria or its distributors not later than ten (10) days after expiration of the warranty period specified in the applicable Addenda attached hereto.

9.2 Limitation of Liability. VELARIA'S LIABILITY TO BUYER ARISING OUT OF OR RELATING TO ANY PRODUCTS OR SERVICES PROVIDED UNDER THIS AGREEMENT SHALL NOT EXCEED THE AGGREGATE AMOUNTS PAID BY BUYER TO VELARIA FOR SUCH PRODUCTS OR SERVICES. IN NO EVENT WILL VELARIA BE LIABLE FOR LOST USE, PROFITS, REVENUE, COST OF PROCUREMENT OF SUBSTITUTE GOODS, OR ANY OTHER SPECIAL, INDIRECT, RELIANCE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY. THE FOREGOING LIMITATIONS SHALL APPLY REGARDLESS OF WHETHER VELARIA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

10) INFRINGEMENT

10.1 Intellectual Property Infringement. Subject to Sections 10.2 and 10.3, Velaria will defend, at its own expense, any action against Buyer brought by a third party to the extent that the action is based upon a claim that the Products infringes such third party's U.S. or Canadian patents or copyrights or misappropriates such party's trade secrets (an "Infringement Claim") and Velaria will pay those losses in respect of the Infringement Claim that are specifically attributable to the Infringement Claim or those costs and damages agreed to in a monetary settlement of such action; provided Buyer (i) notifies Velaria of the Infringement Claim promptly in writing after receiving notice of such claim, (ii) tenders to Velaria sole control over the defense and settlement of the Infringement Claim and any negotiation for its settlement or compromise, provided that Buyer may (at its own cost) appoint its own counsel to monitor any such Infringement Claim and settlement proceedings to the extent that the same relate to or might affect Buyer, (iii) does not take a position that is adverse to Velaria, and (iv) at Velaria's expense and request, provides reasonable assistance in the defense and settlement of any Infringement Claim.

10.2 Alternative. If Buyer's use of the Products is prevented by injunction or court order because of an Infringement Claim, or, in Velaria's opinion, the Products are likely to become the subject of an Infringement Claim, then Velaria, at its sole discretion and at no additional expense to Buyer, may either (i) procure the right for Buyer to continue using the Products, or (ii) replace or modify the Products so that such Products become non-infringing, without a material reduction in functionality or performance. If Velaria determines that neither (i) nor (ii) is commercially practicable, Velaria may elect to terminate Buyer's right to use the infringing Products and refund the portion of the purchase price paid by Buyer for the infringing Products representing the remaining useful life of such Products, as reasonably determined by Velaria.

10.3 Exclusions. Velaria will have no obligation to Buyer, if an Infringement Claim results from or is related to (i) a modification of the Products made by, or at the request or direction of Buyer, (ii) the combination of the Products with an item not supplied by Velaria, or (iii) the use of the Products in a manner not intended by the Documentation.

10.4 Exclusive Remedy. The rights granted to Buyer under this Section 10 shall, to the extent permitted by law, be Buyer's sole and exclusive remedy for any Infringement Claim.

11) INDEMNIFICATION

Buyer shall indemnify, defend and hold harmless Velaria, and its directors, officers, employees, agents, successors and assigns, from any and all losses, damages, penalties, claims and suits, including attorneys' fees and expenses, resulting from or arising out of (a) Buyer's use or installation of the Products in a manner not permitted under the Specifications or otherwise authorized by Velaria in writing, (b) Buyer's breach of this Agreement, (c) the negligence, recklessness or willful misconduct of Buyer or its employees or agents, or (d) the failure of Buyer to comply with any applicable laws.

12) INTELLECTUAL PROPERTY

The Buyer acknowledges that any and all of the patents, trademarks, copyrights, custom or industrial designs, know-how, and other intellectual property rights, as the case may be, related to the Products, their use, installation, and/or their manufacture, along with all services, data, drawings, software, or other technical information supplied by Velaria to Buyer, are and shall remain the property of Velaria or its third party suppliers, as the case may be. The Buyer undertakes to refrain from questioning or disputing the ownership or validity of any of such rights owned by Velaria or its third party suppliers.

Velaria's data, drawings, software, designs or other technical information shall not be reproduced or disclosed without Velaria's prior written consent. The Buyer shall not and shall not allow any third party to modify, reverse engineer, disassemble, decompile, create other works from or determine the composition of the Products or any of Velaria's data, drawings, software, designs or other technical information, or any intellectual property rights therein or thereto.

13) CONFIDENTIALITY

Buyer acknowledges that all technical, commercial and financial data disclosed to Buyer by Velaria is the confidential information of Velaria. Buyer shall not disclose, release or sell any such confidential information to any third party and shall not use any such confidential information for any purpose other than as necessary to use and implement the Products for its own internal business purpose or as agreed to by Velaria in writing.

14) MISCELLANEOUS

a) Export Control. Buyer shall comply with all export laws, restrictions and regulations having application to it, whether of Canada, the United States or any foreign agency or authority, and has not and will not export, re-export or use, directly or indirectly, any Products or other materials received under this Agreement in violation of any such applicable laws, restrictions or regulations.

b) Severability. If a court of competent jurisdiction holds any provision, or part of any provision, of this Agreement to be illegal or invalid, the provision, or the affected part of such provision, shall be null and void and deemed automatically severed from this Agreement. Any such determination shall not affect the legality or validity of the remaining provisions or remaining parts or unaffected provisions of this Agreement.

c) Commencement of Action. Except for actions for non-payment, neither the Buyer or Velaria may commence an action under these this Agreement more than two (2) years after the occurrence of an event of default, or in the event such default is not discoverable by the injured party when it has occurred, more than two (2) years after such default could, and in the exercise of due diligence, would have been discovered.

d) Entire Agreement. This Agreement constitutes the entire agreement between the parties regarding the subject matter, and supersedes all prior discussions or agreements related to the same.

e) Assignment. Buyer shall not assign its rights or obligations under this Agreement without the prior written consent of Velaria, which consent may be withheld in Velaria's sole discretion.

f) Governing Law. This Agreement will in all respects be governed by the laws of British Columbia, Canada without reference to principals of conflicts of laws. Subject to Section 15, the parties attorn to the exclusive jurisdiction of courts in the Province of British Columbia. The parties expressly disclaim the application of the United Nations Convention on Contracts for the International Sale of Goods and all implementing legislation thereunder.

g) General; Waiver of Trial by Jury. Buyer acknowledges and agrees that Buyer is executing this Agreement voluntarily and without any duress or undue influence by Velaria or anyone else. Buyer further acknowledges and agrees that Buyer has asked any questions needed for Buyer to understand the terms, consequences and binding effect of this Agreement and fully understand it, including that Buyer is waiving Buyer's right to a jury trial.

15) ARBITRATION. Any and all controversies, claims, or disputes arising out of, relating to, or resulting from Buyer's purchase of Products or this Agreement, or in respect of any legal relationship associated therewith or arising therefrom, shall be referred to and finally resolved by arbitration administered by the Vancouver Arbitration Centre pursuant to its applicable rules ("Rules"). The place of arbitration shall be Vancouver, British Columbia, Canada and the language of the arbitration shall be English. The number of arbitrators shall be one. Except as provided by the Rules, arbitration shall be the sole, exclusive and final remedy for any dispute between Buyer and Velaria. Accordingly, except as provided for by the Rules, neither Buyer nor Velaria will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding the foregoing, Velaria may seek and obtain injunctive relief in any jurisdiction in any court of competent jurisdiction and Buyer agrees that that this Agreement is specifically enforceable by Velaria through injunctive relief and other equitable remedies without proof of monetary damages.



ADDENDUM A

LIMITED WARRANTY FOR PRODUCTS

Velaria warrants that, for a period of five (5) years from the shipment date of any such Products, the Products manufactured, distributed or sold by it will (i) be free of any claim of ownership by third parties, and (ii) be free from defects in materials and workmanship under normal use, handling, warehousing and service (the "Limited Warranty"). Should Products fail to operate in accordance with the Limited Warranty, Velaria will, at its sole discretion, repair or replace such Products, freight prepaid, or credit Buyer for the portion of the purchase price paid by Buyer for the non-conforming Products representing the remaining useful life of such Products, as reasonably determined by Velaria. For clarity, the repair or replacement of a defective Product shall not include any removal or reinstallation costs or expenses, including without limitation labor costs, cost of surface materials, cost of access or other expenses. Velaria reserves the right to test the returned Product prior to issuing any credit or replacement Product. In the event that credit has been issued or a replacement Product has been sent and the original Product is found to be not defective, Velaria reserves the right to reverse the credit or invoice Buyer for the replacement Product and any freight charges previously paid by Velaria for the returned Product and replacement Product. In the event a Product has been discontinued or is no longer available, Velaria may substitute it with a comparable item.

The Limited Warranty does not apply to Products which are (a) incorporated into any third-party product, instrument or device; (b) identified by Velaria as prototypes or pre-production products; (c) the object of modifications or customizations meeting the Specifications provided by the Buyer; (d) items disassembled, repaired, modified or altered by any party other than Velaria; (e) items used in conjunction with equipment not provided by, or acknowledged as compatible by, Velaria; (f) PVC materials that have not been installed in accordance with specification within 30 days from the date of delivery; (g) subjected to unusual physical, thermal or electrical stress; (h) damaged due to improper installation, unintended use, misuse, abuse, contamination, operation, maintenance or storage or exposure to improper electrical values, operating ranges or environmental conditions; (i) Products that were installed by any person other than professional installers trained by or on behalf of Velaria to install Velaria's Products; (j) damaged due to accident or negligence in use, storage, unpacking, transportation or handling; (k) manufactured or sold by Velaria but are made available to the Buyer or market under a separate or private label; or (l) where any damage or failure to perform is a result of an Act of God or use in violation of any applicable standard, code or instructions for use in the applicable country of sale.

ADDENDUM B

LIMITED WARRANTY FOR INSTALLATION AND OPERATIONAL ADVICE SERVICES

Velaria may perform directly or through third parties certain services related to the installation of the Products or Custom Products, which may include, amongst other things, advising on the installation and performance of the Products (collectively, the "Installation and Operational Advice Services").

VELARIA MAKES NO REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, RELATED TO THE INSTALLATION AND OPERATIONAL ADVICE SERVICES AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF QUALITY, PERFORMANCE, NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS OF USE FOR A PARTICULAR PURPOSE, RELATING TO THE INSTALLATION AND OPERATIONAL ADVICE SERVICES. VELARIA WILL NOT BE RESPONSIBLE FOR ANY ACTION TAKEN BY BUYER IN FOLLOWING OR DECLINING TO FOLLOW ANY OF THE VELARIA'S ADVICE OR RECOMMENDATIONS WITH RESPECT TO THE INSTALLATION AND OPERATIONAL ADVICE SERVICES. WITHOUT LIMITING THE FOREGOING, THE INSTALLATION AND OPERATIONAL ADVICE SERVICES PROVIDED BY VELARIA HEREUNDER ARE FOR THE SOLE BENEFIT OF BUYER AND NOT ANY UNNAMED THIRD PARTIES.

BUYER HEREBY RELEASES AND FOREVER DISCHARGES VELARIA AND ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS-IN-INTERESTS, HEIRS, AND ASSIGNS (COLLECTIVELY, THE "RELEASEES") FROM ANY AND ALL ACTIONS, CAUSES OF ACTIONS, CLAIMS, DEMANDS, DAMAGES, COSTS, LOSS OF SERVICES, EXPENSES, COMPENSATION, AND PROMISES, WHETHER IN LAW OR EQUITY, WHICH, BUYER, ITS RESPECTIVE HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS OR ASSIGNS SHALL OR MAY HAVE AGAINST THE RELEASEES IN THE FUTURE AS A RESULT OF THE INSTALLATION AND OPERATIONAL ADVICE SERVICES OR BUYER'S USE OF OR RELIANCE ON THE INSTALLATION AND OPERATIONAL ADVICE SERVICES .

IN NO EVENT WILL VELARIA OR ANY OF ITS REPRESENTATIVES BE LIABLE FOR ANY DAMAGES ARISING FROM OR IN CONNECTION WITH THE INSTALLATION AND OPERATIONAL ADVICE SERVICES, INCLUDING LOSS OF DATA, LOST PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, OR OTHER SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, DIRECT OR INDIRECT DAMAGES, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, REGARDLESS OF WHETHER VELARIA HAS BEEN NOTIFIED OF THE POSSIBILITY OR THE FORESEEABILITY OF SUCH DAMAGES, UNLESS SUCH EXCLUSION OF LIABILITY IS NOT ENFORCEABLE UNDER APPLICABLE LAW, IN WHICH CASE VELARIA'S LIABILITY WITH RESPECT TO THE INSTALLATION AND OPERATIONAL ADVICE SERVICES SHALL NOT EXCEED US\$100.00. THE PARTIES ACKNOWLEDGE THAT THIS IS A REASONABLE ALLOCATION OF RISK.