

DATA DETECTION TECHNOLOGIES LTD ("DATA")

Integrator Terms and Conditions

These terms and conditions (the "**Integrator Terms and Conditions**") govern all and any transactions by which any integrator (the "**Integrator**") purchases integration kits designed, developed and manufactured by DATA (the "**Product Parts**" or "**Kit**") in order to integrate them into Integrator systems (the "**Integrated Machine**").

1 **General:**

- 1.1 Any Purchase Order as defined below sent by integrator to DATA shall be subject to these Integrator Terms and Conditions. By submitting any Purchase Order to DATA concerning the Product Parts, the Integrator accepts and undertakes any and all obligations imposed on it in these Terms and Conditions.
- 1.2 DATA may at its sole discretion amend these Integrator Terms and Conditions from time to time.
- 1.3 The headings in these Integrator Terms and Conditions are for convenience purposes only, and shall not be used for the interpretation thereof.
- 1.4 In the event of any conflict or inconsistency between the provisions in any agreement and the provisions of these Integrator Terms and Conditions the provisions of these Integrator Terms and Conditions shall supersede, unless explicitly agreed otherwise.
- 1.5 These Integrator Terms and Conditions are subject to the DATA Standard Terms and Conditions unless stated otherwise below, explicitly or implicitly.

2 **Marketing & Distribution of Integrated Machines:**

- 2.1 Unless DATA and Integrator have explicitly agreed otherwise in a separate agreement:
 - 2.1.1 the Integrator is not entitled to an exclusive right to integrate, distribute, market and sell the Integrated Machines in any territory whatsoever;
 - 2.1.2 Integrator may purchase from DATA the Product Parts solely for the purpose of counting objects (the "**Purpose**") in field/s approved by DATA (the "**Field**").
- 2.2 In the event DATA and the Integrator agreed in a separate agreement that the Integrator may integrate, distribute, market and sell the Integrated Machines only in a certain territory (the "**Territory**"), then if the Integrator receives a request from a customer to sell Integrated Machines to customers outside the Territory and/or requesting the Integrator to ship the Integrated Machines outside the Territory, and/or requesting the Integrator to sell Integrated Machines to a customer who is excluded from the industries defined in the Purpose or the Field, the Integrator shall be obligated and undertakes to refer such customers to DATA, unless otherwise agreed by DATA in advance and in writing.

2.3 DATA shall be entitled to modify and/or add or change specifications and/or features of the Product Parts from time to time.

3 Purchase of Product parts.

3.1 All purchase orders placed by Integrator with DATA for the purchase of the Product Parts will be in writing, in a form approved by DATA from time to time (the "**Purchase Order**").

3.2 DATA shall confirm or decline any Purchase Order placed by Integrator within 10 Israeli business days of its receipt by DATA. However, and for avoidance of any doubt, it is hereby clarified and agreed that failure to respond to any Purchase Order shall not be deemed as the acceptance thereof.

3.3 Terms added by the Integrator to any Purchase Order placed by it, which are in addition to the terms provided hereunder, shall not become a part of the Purchase Order, unless DATA expressly consents in writing to such terms and conditions. Any Purchase Order may not be changed or otherwise modified, unless such changes or modifications are made in writing and are confirmed in writing by DATA.

3.4 In case that DATA shall provide in its' sole discretion the Integrator with certain target sales levels during periods defined by DATA (the "**Target Sales**"), the Integrator shall be obliged to meet the Target Sales. DATA at its sole discretion may change the Target Sales for each calendar year..

3.5 Integrator will provide DATA, in accordance with DATA's instructions, with an annual purchase forecast containing a quarterly projection of the Product Parts quantities to be purchased by Integrator during each calendar year (the "**Annual Forecast**"). Unless agreed otherwise by DATA in writing, DATA shall not be obliged to supply to the Integrator the Product Parts in accordance with the Annual Forecast.

3.6 Integrator shall notify DATA of any material changes in the Annual Forecasts, reasonable time in advance. Material changes shall mean any change in the Annual Forecast, whether an increase or decrease in the forecasted Product Parts quantities, exceeding 10%.

3.7 Integrator shall maintain at all times sufficient inventory for the sales of the Integrated Machines to customers.

4 Prices

- 4.1 Integrator shall be charged for the Product Parts provided by DATA, in accordance with the amounts and prices quoted in the Price Offer placed by DATA and finally approved by DATA in its' approval to the Purchase Order.
- 4.2 All prices are Ex. Factory, and exclusive of any applicable nation, state, local sales, use, excise, and other taxes, tariffs, customs, duties, import charges and other freight, transport, shipment, installation fees and insurance charges. All such charges shall be borne and paid by Integrator.

5 Terms of Payments

- 5.1 50% of the Payment by Integrator to DATA shall be made in advance upon placement of the Purchase Order (the "**Advance Payment**"). For the avoidance of doubt, the order shall be deemed placed only upon the receipt of the Advance Payment by DATA. The remaining 50% of the payment shall be made upon DATA's demand (the "**Demand**") and in any case no later than the scheduled date of the shipment stated in the Purchase Order (the "**Remaining Payment**"). Without derogating from the above, particular stipulations of payment shall be specified in the Purchase Order.
- 5.2 Subject to the aforesaid in Section 5.1, in case that the Remaining Payment is delayed by more than 7 days after the Demand, DATA may cancel the Purchase Order at its' sole discretion by written notice to the Integrator.
- 5.3 The Integrator may cancel by written notice the Purchase Order only prior to beginning of manufacturing process of the ordered products by DATA. In this case DATA shall refund the Integrator with 80% of the Advance Payment. In any other case of cancellation of the Purchase Order, DATA shall not refund any part of the payment, and in addition the Integrator shall reimburse DATA for any and all damages and costs caused by the Integrator regarding this cancellation.
- 5.4 All payments due under these Integrator Terms and Conditions are quoted and shall be made without withholding any taxes, charges, levies or other payment of any kind.
- 5.5 Until any payments overdue to DATA are fully discharged by Integrator, DATA may, in its sole and absolute discretion, and without derogating from any other remedies it is entitled to under these Integrator Terms and Conditions or by law, delay its confirmation of any new Purchase Order, and/or delay or postpone the shipment of any approved Purchase Order until such overdue payments have been fully discharged.
- 5.6 Without derogating from DATA's right to cancel shipment, or any part thereof, on account of late payment, as provided above, all payments owed or payable which are not paid in due time, shall bear interest at the rate of 1% (one percent) per month (or any party thereof) from the date upon which payment of the same shall first become due up to and including the date of full payment thereof. Integrator shall also be liable for all costs and expenses of collection, including, without limitation, reasonable fees for attorneys and court costs. Notwithstanding the foregoing, such specified rate of interest shall not excuse or be construed as a waiver of Integrator's obligation to timely provide any and all payments due to DATA hereunder.

- 5.7 Product Parts shall remain the sole and exclusive property of DATA until Integrator has effected full payment of all outstanding invoices concerning Product Parts which are due for payment.
- 5.8 The prices listed in the Purchase Order are *Ex Works* as defined under *Incomterms 2010*. Without derogating from aforesaid, any local sales, use, excise, and other taxes, tariffs, customs, duties, import charges and other freight, transport, shipment and insurance charges which may apply to these Integrator Terms and Conditions shall be borne by the Integrator.

6 Shipment and Risk of Loss

Integrator shall be fully responsible to maintain, at its expense, full insurance coverage for the shipments of the Product Parts purchased, with an internationally reputable insurance company. DATA's name shall be added as a beneficiary to the insurance policies.

7 Marketing Efforts.

- 7.1 Integrator shall use its best efforts and endeavors to promote and increase the sales of the Integrated Machines, and for this purpose shall engage in promotional and advertising activity, participate in market industry exhibitions, trade shows, seminars, congresses, and other such promotional activity (the "**Promotional Activity**"). In addition, Integrator shall employ professional sales personnel and shall utilize its existing sales and customer support network and facilities for this purpose.
- 7.2 Integrator shall purchase at least one unit for demonstration purposes at discount price as will be stated by DATA (the "**Demonstration Unit**"). Integrator may not sell the Demonstration Unit unless otherwise agreed by DATA in writing. In case of sale of the Demonstration Unit by the Integrator, the Integrator shall refund DATA with the difference between DATA's regular price and the aforesaid discount price of the Demonstration Unit. Agreed hereby that the Integrator shall be entitled to purchase the Demonstration Unit at discount price only once.
- 7.3 For avoidance of doubt, all original marketing materials produced by the Integrator shall be at the Integrator's expense.
- 7.4 Integrator shall provide DATA with a list of the Promotional Activity it intends to participate and/or engage in for the promotion of the Products during each calendar year. Integrator shall be required to participate in at least two Promotional Activity events in each calendar year.
- 7.5 Integrator will provide DATA on a quarterly basis, or as shall reasonably be requested by DATA from time to time, with information, data and reports regarding the distribution, marketing and sales of the Integrated Machines (the "**Reports**"). Among the Reports provided to DATA the Integrator shall include the following: (1) "Leads and Prospects Report", which will include potential customers the Integrator has approached and contact details (including contact person) for each such customer; (2) detailed monthly sales reports; (3) faults, errors & repair reports; and (4) any such additional reports that may be requested by DATA.

8 Integrator's Obligations:

- 8.1 By submitting the Purchase Order, Integrator represents and warrants that it possess the capabilities, experience, network, contacts, facilities and manpower required in order to fully perform and execute his obligations and undertaking in these Integrator Terms and Conditions.
- 8.2 For the avoidance of doubt and without derogating from DATA's rights for the Product Parts, any and all responsibility for the Integrated Machines or any part thereof is imposed solely on the Integrator. Without derogating from the generality of the aforesaid, the Integrator is obligated to:
 - 8.2.1 provide technical support to End-Users according to standard business practices in the specific market;
 - 8.2.2 test, following purchase of the Demonstration Unit, that the objects to be counted are properly processed and counted before final confirming the Purchase Order of the Product Parts. For the avoidance of doubt, incompliance of the objects to be counted to DATA's technology shall not grant the Integrator the right to cancel purchase of the Demonstration Unit.
 - 8.2.3 train qualified and sufficient personnel to tend to the Integrated Machines. DATA shall provide training and instructions regarding the Product Parts. Integrator shall employ throughout the Term at least one qualified person which has participated in technical training at DATA's premises for this purpose. The dates of the training shall be coordinated with DATA in advance. Integrator shall arrange, bear and pay the flight, local hotel accommodation expenses and all other out-of-pocket expenses. Agreed hereby that performance of the aforesaid training constitutes a prerequisite for placing the Purchase Order.

All training and instruction documents regarding the Product Parts as well as other materials will be written in English language. In case it is necessary to adapt or translate the materials for the costumers, it shall be done by, and solely at the expense of the Integrator.

9 Warranty.

The warranty obligations of DATA for the Product Parts are limited to the terms as set forth below (the "**Product Parts Warranty**"):

- 9.1 DATA warrants that the Product Parts, at the time of shipment, shall be free from material defects in materials and workmanship.
- 9.2 The Product Parts Warranty provided hereunder shall not apply to (i) consumable parts of the Product Parts or (ii) Product Parts which have been subjected to any improper testing, assembling, mishandling, misuse or use not for the Purpose by Integrator, the customers or any third party, or any other damages caused by any external force.

- 9.3 The Product Parts Warranty provided hereunder shall apply between DATA and the Integrator and shall apply only to the Product Parts supplied by DATA to Integrator. No Warranty whatsoever is given regarding the joint use of the Product Parts together with the parts or technology provided by the Integrator.
- 9.4 No warranty whatsoever is made between DATA and Integrator's End-Users. In the event that the Integrator is entitled to services under warranty after supply of the Product Parts to End-Users, unless agreed otherwise in writing, the services shall be provided to the Integrator only.
- 9.5 DATA shall provide the Product Parts Warranty for a period of 12 (twelve) months from the original date of invoice for purchase of Product Parts by Integrator (the "**Warranty Period**"). The Product Parts Warranty is provided free of charge only for Products used for no more than 8 work hours per day, 5 days a week during the Warranty Period. Any other usage schedule which exceeds the aforesaid shall be priced separately.
- 9.6 During the Warranty Period, DATA at its option and sole discretion, shall replace any defective Product Parts (the "**Warranted Product Parts**"), at its own expense. To obtain the remedy under this Product Parts Warranty, claims for defective merchandise or shortages of the Product Parts which existed from the moment of arrival of the Product Parts, shall be made in writing within 10 (days) after the arrival of the merchandise, or otherwise be deemed waived. Any other claims of nonconformity shall be delivered by the Integrator to DATA by a written notice immediately upon the detection of such nonconformity (the "**RMA**").
- 9.7 Shipment of any Warranted Product Parts to DATA or to whomever DATA shall instruct shall be subject to DATA's prior written approval, and if so approved – at DATA's expense. The Integrator acknowledges that labor costs of repairs during the Warranty Period will be solely borne by the Integrator.
- 9.8 The Product Parts Warranty provided hereunder is in lieu of all other warranties. Without derogating from the above, DATA makes no warranties, whether express warranties or implied of merchantability of the Products. DATA shall have no liability in contract or tort for any damage, loss, cost or expense (whether direct or indirect, special, or consequential) suffered or incurred by Integrator and/or any third party, arising from the use of the Products. DATA further makes no warranties that the use of the Products will not infringe any patents or patent rights owned or controlled by any third parties. Nothing contrary to the above, and to the extent permitted under the applicable law, DATA's entire liability under this section shall be limited and in any event shall not exceed the payments received by DATA with respect to the purchase of the Product Parts.

10 Confidentiality and Intellectual Property Rights:

- 10.1 For purposes of this Section 10 "**Confidential Information**" shall mean all technologies, trade secrets, know-how, processes, procedures, compositions, devices, methods, formulas, protocols, techniques, designs, drawings, data, pricing costs, production methods and files, assembly and integration details and methods, specification and any other data reasonably considered to constitute Confidential Information, whether written, oral, electronic, or inherent in samples of substances,

relating to the operations, business or finances of DATA, and excluding any information the Integrator can establish by competent written proof:

- 10.1.1 was in the public domain at the time of disclosure, or became part of the public domain through no act or omission of the Integrator;
 - 10.1.2 was lawfully disclosed to the Integrator by a third party having the right to disclose it and without breach of any obligation of confidence owing DATA; or
 - 10.1.3 was already known by or in the possession of the Integrator prior to the time of disclosure and without restriction as to use or disclosure.
- 10.2 The Integrator shall maintain all DATA's Confidential Information in confidence, and shall not at any time disclose any such Confidential Information to persons other than its Affiliates, officers, employees, agents, consultants, and advisers, and then only to the extent necessary in order to perform and execute its obligations and undertaking in these Integrator Terms and Conditions and providing these persons are informed of the confidential nature of the Confidential Information and agree to be bound by section 10 of the Integrator Terms and Conditions. The Integrator shall use such Confidential Information only to the extent necessary for the purpose of performing and executing its obligations and undertaking in these Integrator Terms and Conditions. The Integrator shall take commercially reasonable steps to ensure that its Affiliates, agents, officers, employees, representatives, consultants, and advisors maintain the obligations of confidence imposed on the Integrator by these Integrator Terms and Conditions.
- 10.3 The Integrator acknowledges that improper use or disclosure of the Confidential Information of DATA may cause substantial and irreparable harm to DATA, and that such harm could not be remedied by the payment of damages alone. Accordingly, DATA will be entitled to preliminary and permanent injunctive relief and other equitable relief for any breach of the confidentiality provisions of these Integrator Terms and Conditions by the Integrator, without prejudice to all other remedies available at law or equity.
- 10.4 The Integrator's obligations of confidentiality hereunder shall be fulfilled by using at least the same degree of care with DATA's Confidential Information as it uses to protect its own Confidential Information and in no case less than reasonable care.
- 10.5 The Integrator acknowledges that all rights, titles and interests in or to any copyrights, patents or other intellectual property rights embodied in any Product Parts, and all related know-how, designs, plans, mask works, trademarks, formulae, processes, manufacturing techniques, trade secrets, ideas, materials, documents, artworks, software or other copyrightable or patentable work, are the sole and exclusive property of DATA. DATA is entitled to be registered as the sole owner of such rights and the Integrator shall have no rights, claims and/or demands in connection therewith.

- 10.6 The DATA trademarks and the goodwill associated therewith are the exclusive property of DATA and nothing in these Integrator Terms and Conditions grants the Integrator or any third party any right, title or interest therein, except for the right expressly granted herein to use the DATA trademarks for the purpose of distributing and marketing the Product Parts.
- 10.7 The Integrator shall include in all its promotional and advertising materials, that relate to the Integrated Machine, in a manner that is visible and approved by DATA in advance, the DATA trademarks and trade-signs, and acknowledgement and ownership notices and legends referring to DATA as the developer and proprietary owner of all rights to the Product Parts. Any trademarks and/or trade-signs of DATA and/or any labels or stickers including, but not limited to, serial number labels appearing on the Product Parts shall not be erased, covered or otherwise removed or concealed.
- 10.8 The Integrator shall promptly notify DATA of any infringement, suspected infringement or other violation of any of DATA's intellectual property rights pertaining to the Product Parts and/or Counting Machines or the DATA trademarks, and shall reasonably assist and cooperate with DATA in pursuing any legal actions with respect to such actions.
- 10.9 Integrator shall make no changes in the Product Parts or any part thereof, or add any components to the Product Parts or any part thereof unless as explicitly agreed herein, or otherwise disassemble or reverse engineer, or use the Product Parts in any way or manner other than as originally intended.
- 10.10 The provisions of this Section 10 shall survive the expiration or termination of these Integrator Terms and conditions and/or Purchase Order. Without limitation to the Integrator's obligations hereunder, upon the expiration or termination of these Integrator Terms and Conditions and/or Purchase Order, Integrator shall return to DATA all copies of DATA's Confidential Information.

11 Compliance with regulatory requirements:

- 11.1 If any export/import license or permit, or any other governmental or official license, permit or authorization is required for the lawful distribution, marketing or sale of the Product Parts (the "**Required Permits**"), then the Parties shall diligently cooperate and take any reasonable measure necessary for obtaining any and all Required Permits.
- 11.2 Integrator hereby agrees to comply with any and all applicable laws, statutes, regulations, ordinances and industry standards that are applicable in any relevant territory with respect to the Product Parts.
- 11.3 DATA shall be advised by the Integrator in advance with respect to regulations in the applicable territory applying to the integration of the Product Parts into the Integrated Machined and distribution, marketing and sales thereof to customers, such

as ISO, labeling, etc. (the "**Regulations**"). DATA has a sole discretion to refrain from adjusting or modifying the Product Parts to the Regulations and may refuse for this reason to provide the Product Parts to the Integrator. Subject to the aforesaid, DATA shall ensure, at its expense, that the Products comply with the Regulations, and Integrator undertakes to provide DATA with any and all assistance required in this respect, including obtaining required information, communicating and corresponding with the local authorities in this respect.

12 Miscellaneous.

- 12.1 **Relationship between the Parties.** The Integrator agrees, acknowledges and represents hereby that the Integrator and DATA are independent parties, and neither of them is an agent of the other and nothing herein or performed hereunder shall be represented or construed as constituting one of them as the agent of the other. Neither Integrator, nor any of its and any of their employees, officers, consultants, agents or any other third party acting on their behalf and shall have no authority to make any representation, guarantee, or warranty, commitment or agreement on behalf of DATA or to assume or incur any liability or indebtedness on behalf of DATA, or to bind DATA under any obligation. DATA shall not be liable for any act, or failure to act, by the Integrator, its agents, or employees. The Integrator shall indemnify, and hold DATA harmless, for any damages, losses and expenses incurred by DATA as a result of any claim or demand for which it was liable to or as a result of DATA acting or failing to act in accordance with its obligations under these Integrator Terms and Conditions.
- 12.2 **Force Majeure.** DATA shall not be liable for any failure or delay in its performance under these Integrator Terms and Conditions or under the Purchase Order due to causes, beyond its reasonable control; provided that DATA: (a) gives the Integrator written notice of such cause promptly, and in any event within five (5) days of discovery thereof; and (b) uses its reasonable efforts to correct such failure or delay in its performance.
- 12.3 **Assignment.** Integrator shall not be entitled to assign any of its responsibilities and obligations hereunder without receiving DATA's prior written approval.
- 12.4 **Dispute Resolution.** In the event that either party have any disputes relating to these Integrator Terms and Conditions, such disputes shall first be submitted to the Parties' designated representatives for discussion in an effort to determine whether an amicable resolution regarding any such matter may be achieved prior to initiating any legal action or administrative proceeding with any court or government agency or otherwise pursuing its remedies under these Integrator Terms and Conditions.
- 12.5 **Governing Law.** These Integrator Terms and Conditions shall be governed by and construed according to the laws of the State of Israel. Any dispute arising under or relating to these Integrator Terms and Conditions or any transactions contemplated

herein shall be resolved by the competent courts of Jerusalem, and each of the parties hereby irrevocably agree to the jurisdiction of such venue.

- 12.6 **Waivers.** No failure or delay by DATA in exercising any right, power, or remedy under these Integrator Terms and Conditions shall operate as a waiver of any such right, power, or remedy. No waiver of any provision of these Integrator Terms and Conditions shall be effective unless in writing and signed by DATA.
- 12.7 **Severability.** If one or more provisions of these Integrator Terms and Conditions are held to be illegal or unenforceable under applicable law, such illegal or unenforceable provision(s) shall be limited or excluded from these Integrator Terms and Conditions to the minimum extent required so that these Integrator Terms and Conditions shall otherwise remain in full force and effect and enforceable in accordance with its terms.
- 12.8 **Language.** These Integrator Terms and Conditions are in the English language only, which language shall be controlling in all respects. These Integrator Terms and Conditions shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the parties.
- 12.9 **Notices.** Any notices or other communications to DATA required or permitted hereunder shall be deemed received (a) on the dated delivered, if delivered personally, (b) two business days after being sent by Federal Express or a similar courier service, (c) one business day after being delivered by e-mail, subject to written receipt, to the following contact details or other contact details notified in writing to the Integrator:

Tel: 972-73-2204444

Fax: 972-73-2204466

E-mail: gil@data-tech.co.il

Att.: Gil Rosenfeld