

**GaN Systems Inc.**  
Standard Terms and Conditions of Sale  
2015 Edition

1.0 Offer and Acceptance

1.1 The terms and conditions (“Terms”) contained herein shall apply to all quotations, offers, and purchase orders made and accepted by GaN Systems Inc. (“GaN Systems”) for semiconductor devices, assemblies, boards and evaluation or development kits (“Products”). These Terms shall apply to all sales of Products made by GaN Systems except where the Terms conflict with a sales agreement signed by duly authorized representatives of GaN Systems and buyer (“Buyer”), in which case the terms in the sales agreement shall take precedence. GaN Systems rejects additional or different terms and conditions proposed by Buyer, including those contained in Buyer’s purchase order. Acceptance of Buyer’s purchase order is conditioned upon Buyer’s acceptance of the Terms, irrespective of whether the Buyer accepts these conditions by written acknowledgement, by implication, or acceptance and payment of Products ordered hereunder.

2.0 Prices, Quotations, Delivery and Taxes

2.1 All prices quoted by GaN Systems are in United States dollars (“USD”) and are current at the date of quotation. All prices may be changed by GaN Systems prior to an order acceptance.

2.2 Prices are subject to change with thirty (30) days’ notice to Buyer and any order that can be cancelled and rescheduled under the Terms is subject to a price change immediately.

2.3 GaN Systems reserves the right to reject purchase orders that do not indicate the quotation number, specify products, quantity, price, total purchase price, expected delivery date and delivery carrier account, and “bill to” and “ship to” information.

2.4 All shipments shall be delivered Free Carrier (FCA (Incoterms 2010) to Buyer’s designated carrier, and title and liability for loss or damage shall pass to Buyer upon GaN Systems’ delivery to Buyer’s designated carrier. Any subsequent loss or damage shall not relieve Buyer from its obligations.

2.5 All prices are exclusive of, and Buyer shall be responsible for, all import duties, taxes and any other expenses incurred or licenses or clearances required.

2.6 GaN Systems may deliver Products in instalments and invoice each instalment separately. Delivery dates are estimates, and GaN Systems shall not be liable for any damage, losses or expenses incurred by Buyer if GaN Systems fails to meet the estimated delivery dates.

2.7 GaN Systems reserves the right to ship product that is not subject to cancellation in advance of the agreed shipping date. Unless otherwise agreed in writing, delivery time is not of the essence.

2.8 Buyer shall notify GaN Systems of any visible defects, quantity shortages or incorrect product shipments within seven (7) calendar days of receipt of the shipment. Failure to notify GaN Systems in writing of any visible defects in the Products or of quantity shortages or incorrect shipments within such period shall invalidate any rights to return Products on the basis of visible defects, shortages or incorrect shipments. GaN Systems shall retain a security interest in the Products until Buyer’s final payment to GaN Systems for the Products.

### 3.0 Payment Terms

- 3.1 All payments are to be in USD.
- 3.2 **Unless GaN Systems extends credit to Buyer, payment must be received in full before the order is shipped. Upon approval of Buyer's credit, which is at the sole discretion of GaN Systems, payment terms will be Net thirty (30) days from the date of invoice.**
- 3.3 For Products delivered in instalments, Buyer shall pay for each instalment in accordance with the above payment terms.
- 3.4 If Buyer fails to make any payment when due, GaN Systems may cancel any agreements in which GaN Systems has extended credit to Buyer. GaN Systems may terminate this contract if Buyer's financial condition does not justify the above payment terms unless Buyer immediately pays for all Products that have been delivered, and agrees to pay in advance for all Products to be delivered. Cancellation of any such agreements according to this clause shall not affect GaN Systems' right to pursue other available remedies.
- 3.5 Interest accrues on unpaid balances after the due date at a rate of 1.5% per month or the maximum rate permitted by applicable law. In addition, if the invoice is not paid when due, all costs and expenses of collecting unpaid amounts including reasonable legal fees shall be paid by the Buyer.
- 3.6 GaN Systems reserves the right to change or withdraw credit or payment terms at any time for any reason.

### 4.0 Cancellations and Reschedules

- 4.1 For standard Products, Buyer may not cancel or reschedule any order within sixty (60) days of GaN Systems' estimated ship date contained in the order acceptance. Buyer may cancel or reschedule orders more than sixty (60) days, but less than ninety (90) days from GaN Systems' estimated ship date, but such cancellation or rescheduling will result in an additional charge to Buyer by GaN Systems. Buyer may cancel or reschedule orders more than ninety (90) days before GaN Systems' estimated ship date without charge. Buyer may not reschedule or cancel purchase orders identified by GaN Systems as non-standard Products.
- 4.2 GaN Systems shall have the right to cancel any unfilled order without notice to Buyer in the event the Buyer becomes insolvent, adjudicated bankrupt, petitions for or consents to any relief under any bankruptcy reorganization statute, or becomes unable to meet its financial obligations in the normal course of business. Any order that can be cancelled or rescheduled by Buyer pursuant to Section 4.1 above may be cancelled or rescheduled by GaN Systems if notice is given to Buyer.
- 4.3 GaN Systems may, from time to time in its sole discretion: (i) discontinue or limit its production of any Product; (ii) allocate, terminate or limit deliveries of any Product in time of shortage; and (iii) modify the design of, specifications for, or construction of any Product, provided the modification has equivalent form, fit and function.

### 5.0 Warranty

- 5.1 Subject to clauses 6.1 and 6.2 below GaN Systems warrants that Products sold under these Terms for the time period set forth below shall be free from defects in materials

and workmanship and shall conform to GaN Systems' approved published specifications or other specifications accepted in writing by GaN Systems.

Except as provided below, Products are warranted for a period of one (1) year from the date of shipment of the Products. Evaluation Boards/Kits are warranted for a period of thirty (30) days from the date of delivery. This warranty will not apply to any Products having been subject to misuse, neglect, accident or modification or which have been soldered or altered such that they are not capable of being tested under normal test conditions. GaN Systems shall solely determine whether its Products are defective. This warranty shall also not apply to any Products sold by GaN Systems that are designated by GaN Systems as being sold "as is".

- 5.2 If any GaN Systems' Product fails to conform to the warranty set forth above, GaN Systems' sole and exclusive liability shall be, at its option, to repair or replace such Products, or credit Buyer's account for such Products.
- 5.3 GaN Systems liability under this warranty shall be limited to nonconforming Products where, within fourteen (14) calendar days of the expiration of the warranty period, GaN Systems has received written notice of any nonconformity from Buyer, AND GaN Systems has provided written authorization to return product, AND Buyer has returned the nonconforming product to GaN Systems, AND GaN Systems has determined that the Product is nonconforming and that such nonconformity is not the result of improper installation, repair or other misuse.
- 5.4 Prior to using or distributing any systems including GaN Systems' Products, Buyer agrees to thoroughly test such systems and the functionality of GaN Systems' Products as used in such systems. Buyer acknowledges and agrees that it is solely responsible for compliance with all legal, regulatory and safety-related requirements concerning its products, and any use of GaN Systems' Products in its applications.
- 5.5 THE FOREGOING WARRANTY AND REMEDIES ARE EXCLUSIVE AND MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. GAN SYSTEMS DOES NOT ASSUME OR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH ITS PRODUCTS.

## 6.0 Limitation of Liabilities

- 6.1 GaN Systems shall NOT be liable for incidental or consequential damages, including but not limited to, the cost of labour, requalification's, rework charges, delay, lost profits, or loss of goodwill arising out of the sale, installation or use of any GaN Systems' Product.
- 6.2 GAN SYSTEMS AGGREGATE LIABILITY FROM ANY WARRANTY, INDEMNITY, OR OTHER OBLIGATION ARISING OUT OF OR IN CONNECTION WITH THESE TERMS, OR ANY USE OF ANY GAN SYSTEMS' PRODUCT PROVIDED UNDER THESE TERMS SHALL BE LIMITED IN RESPECT OF ANY OCCURRENCE OR SERIES OF OCCURRENCES TO THE TOTAL AMOUNT PAID TO GAN SYSTEMS FOR THE PARTICULAR PRODUCTS OR SERVICES SOLD UNDER THESE TERMS.
- 6.3 BUYER UNDERSTANDS AND AGREES THAT THE FOREGOING LIABILITY LIMITATIONS ARE ESSENTIAL ELEMENTS OF THESE TERMS AND THAT IN THE ABSENCE OF SUCH LIMITATIONS THE MATERIAL AND ECONOMIC TERMS OF THESE TERMS WOULD BE SUBSTANTIALLY DIFFERENT.

## 7.0 Excluded Applications.

7.1 GaN System's Products are not manufactured, designed or authorized for use and shall not be used, sold for use, or incorporated into modules for use in any medical application (including any human body implantable device) or life support or safety equipment or any application where performance of the product (either by itself or in conjunction with other components) can result in personal injury or death (together the "Excluded Applications"). Any use or sale or incorporation into modules of Products in respect of Excluded Applications shall be fully at Buyer's own risk and Buyer shall fully indemnify, defend and hold harmless GaN Systems from and against any and all resulting claims, losses, damages, awards and costs (including but not limited to legal fees) arising from such use, incorporation or sale (whether arising from negligence or otherwise).

## 8.0 Applicable Law

8.1 The Terms contained herein shall be governed by and construed under the laws of the Province of Ontario and the laws of Canada applicable therein. The UN Convention on Contracts for the International Sale of Goods shall not apply to any purchases made hereunder.

## 9.0 Intellectual Property Indemnification

9.1 The design, development or manufacture by GaN Systems of Products shall not be deemed to produce a work made for hire. Except as expressly set forth herein, all intellectual property rights arising out of Products or services sold pursuant to these Terms shall belong to GaN Systems. Except for Buyer's implied license to use and sell Products incident to its purchase, the sale of Products does not convey any license by implication, estoppel, or otherwise in respect of Products alone or in combination with other products.

9.2 GaN Systems agrees to defend any claim, suit, or proceeding asserted against Buyer based upon a claim that any Products purchased hereunder directly infringes any patent, mask work right, or copyright, effective in Canada and to pay costs and damages finally awarded in any such suit provided that GaN Systems is promptly notified in writing of the claim and given, at GaN Systems' request and expense, sole control of the defense or response to such claim and all requested reasonable assistance by Buyer for defense of the same. If such a claim has occurred or in GaN Systems' sole and reasonable judgment is likely to occur, Buyer agrees to allow GaN Systems to (i) obtain for Buyer the right to use and sell the Product, (ii) replace or modify the Products with non-infringing Products, or (iii) accept the return of the Products and refund the purchase price less reasonable wear and tear. Further, GaN Systems may cease shipping infringing Products without being in breach of these Terms. This indemnity does not extend to any claims based upon any infringement or alleged infringement of any patent, mask work right, or copyright arising from; (i) the combination of any Products with other elements if such infringement would be avoided by the use of the Products alone, (ii) the use of the Products in a manner or for an application other than that for which such Products was designed or intended, regardless of whether GaN Systems was aware of such use, (iii) any addition to or modification of the Products, (iv) the use of the Products in connection with

manufacturing or other process, or (v) by any Products not in GaN System's catalogue or any Products made compliant to Buyer's design, instruction or specification (such claims, i.e. those set forth in (i) through (v) above, are referred to herein as "Other Claims"). THE FOREGOING STATES GAN SYSTEMS' ENTIRE LIABILITY FOR PATENT, MASK WORK RIGHT, OR COPYRIGHT INFRINGEMENT AND IS IN LIEU OF ALL REPRESENTATIONS, WARRANTIES OR CONDITIONS EXPRESSED OR IMPLIED, IN REGARD THERETO.

9.3 Buyer agrees to defend any claim, suit, or proceeding asserted against GaN Systems based upon Other Claims and to pay costs and damages finally awarded from such suit provided that Buyer is promptly notified in writing of the claim and given, at Buyer's request and expense, sole control of the defense or response to such claim and all requested reasonable assistance by GaN Systems for defense of the same.

9.4 GaN Systems does not warrant that Products are free of infringement of any patents, copyrights, or other proprietary rights of third parties. IN NO EVENT SHALL GAN SYSTEMS BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM INFRINGEMENT OR ALLEGED INFRINGEMENT OF PATENTS, COPYRIGHTS, OR OTHER INTELLECTUAL PROPERTY RIGHTS.

9.5 Buyer, without the express prior written consent of GaN Systems, has no right to use GaN Systems' trademarks, trade names, corporate slogans, corporate logos, or corporate designations in the sale, lease or advertising of any Products, or any product containers, component parts, business forms, sales, advertising or promotional materials, or other business supplies or materials, whether in writing, orally or otherwise.

9.6 The sale of Products furnished hereunder does not convey any license by implication, estoppel, or otherwise, under any proprietary or patent rights of GaN Systems covering modifications of Products furnished hereunder, or combinations of Products furnished hereunder with other elements. For the avoidance of doubt, the parties agree that the results of the efforts regarding the sale of the Products furnished hereunder by either party shall not be considered "work for hire," and that neither party acquires any rights to, or licenses to use, any such results except as expressly set forth herein.

## 10.0 Notices

10.1 Notice under these Terms shall be deemed to have been given if sent by prepaid first class mail to Buyer at its last known address. Notice to GaN Systems shall be sent by registered mail to the Headquarters of GaN Systems Inc., to the attention of the President, 1145 Innovation Drive, Ottawa, ON, K2K 3G8, Canada.

## 11.0 Export Control

11.1 The Products are of Canadian origin and, as such, are subject to export licensing and other restrictions under Canadian law. Buyer acknowledges that it is knowledgeable about Canadian government export and re-export requirements, or that it will become so prior to engaging, directly or indirectly, in any transaction involving the Products.

11.2 Buyer will at all times have all necessary legal permits and licenses required by any governmental unit or agency and will comply with all applicable international, national,

state, regional and local laws and regulations in performing its duties hereunder and in any of its dealings with respect to Products, including but not limited to Products distributed by Buyer to third parties.

11.3 Buyer will furnish GaN Systems such documents and information with respect to export control, in such form as GaN Systems may from time to time require to assure proper compliance with the above-mentioned requirements.

11.4 In the event of any investigation or proceeding of either GaN Systems or Buyer regarding export licensing, then both GaN Systems and Buyer will provide such documentation and other information as is required to ensure that any such investigation (in either country) is brought to a prompt and commercially optimum solution.

11.5 Buyer shall indemnify and hold GaN Systems harmless from and against any claim, action, fine, loss, cost and damages arising out of or relating to any non-compliance with export control restrictions by Buyer and Buyer shall compensate GaN Systems for all losses and expenses resulting thereof.

## 12.0 Government Contracts

12.1 If Buyer sells Products to any public entity (federal, provincial, state, local or international) or to a prime contractor or subcontractor of such entities, Buyer remains solely liable for compliance with all acquisition statutes and regulations and other applicable law.

## 13.0 Confidentiality

13.1 All materials and Products furnished by GaN Systems or Buyer and identified as containing confidential information must be held in confidence by the recipient using at least the degree of care the recipient uses for its own confidential information, but no less than reasonable care. Except as required by law, the recipient may not disclose such materials or confidential information except to its own employees who require use of the materials in the performance of their duties. Confidential information does not include information that is or becomes a matter of public knowledge through no fault of the recipient, information known to the recipient prior to any disclosure hereunder, information developed independently of any disclosure hereunder, information later communicated to the recipient by another without obligation of confidence or information communicated by the owner to a third party free of any obligation of confidence. All confidential information shall be held in confidence by the recipient for five (5) years after receipt.

## 14.0 Force Majeure

14.1 No failure or omission by GaN Systems or Buyer in the performance of any obligation under the Terms shall be deemed a breach of the Terms or create any liability if the same arises on account of force majeure, which term shall include any event or cause beyond the control of GaN Systems or Buyer, as the case may be, including but not restricted to acts of God, acts or omissions of any government, or agency thereof, rebellion, insurrection, riot, sabotage, invasion, quarantine, restrictions, strike, lock out

and transportation embargoes, provided that the party relying on this Section shall forthwith after any such event give written notice to the other party of its inability to perform such obligation and the reasons therefore. If force majeure continues for a period of more than three (3) months, without the parties hereto being able to develop an alternative satisfactory arrangement, then either party has the option of immediately terminating these Terms.

#### 15.0 Waiver

15.1 Any failure by GaN Systems to exercise or enforce its rights under these Terms shall not be deemed to be a waiver of any such rights nor prevent the exercise or enforcement its rights under these Terms at any time or times thereafter.

#### 16.0 Severability

16.1 If any provision of this document is held invalid, all other provisions shall remain valid.

#### 17.0 Assignment and Subcontracting

17.1 GaN Systems shall be entitled to assign its rights under the Terms (in whole or in part) or to subcontract any part of the work or services to be provided under the Terms as it deems necessary or desirable at all times.

17.2 Buyer shall not assign these Terms without GaN Systems' prior written authorization. Any unauthorized assignment shall be null and void.

#### 18.0 Amendments

18.1 No modifications to this document shall be binding unless expressly agreed to in writing by Ga N S y s t e m s .

#### 19.0 Entire Agreement

19.1 These Terms constitute the entire and final agreement between GaN Systems and Buyer with regard to the subject matter herein and supersedes all other communications.