

Budgetary equipment proposal

Monoblock model Synergy Patriot FCL

Quote Reference: CON-17-9800R3-NP

Date: Tuesday, June 27, 2017

Presented to:



Tweed Inc

1 Hershey Dr

Smith's Falls Ontario

K7A 0A8

Canada

Jason Zandbergen



CON-17-9800R3-NP

Procurement Specialist

2: + 613-706-2185

): + 613-485-0871

⊠: jason.zandbergen@tweed.com

www.tweed.com

This document contains proprietary and confidential information and is the property of Capmatic Ltd.

Disclosure to a third party without prior written consent is prohibited.

Capmatic Ltd. ©2017 All Rights Reserved.

Page 2 of 47



Table of contents

Monoblock model Synergy Patriot FCL	1
Table of contents	3
Project contacts	
Project technical specifications	5
Components reference pictures &/or drawings	5
Components detail chart	6
Equipment configuration and price	8
Machine technical specification	12
Monoblock model Synergy Patriot FCL	12
Components change parts	
Available options for Synergy platform	23
Equipment picture	
Project management & milestone	
Customer responsibilities	
Parts requirements table	
Service rates & spare parts	
Payment, delivery, warranty, etc	
Capmatic Terms and conditions	

Project contacts



CON-17-9800R3-NP





CON-17-9800R3-NP

Project technical specifications

Components reference pictures &/or drawings



Page 5 of 47



CON-17-9800R3-NP

Components detail chart

Ref #	Product to be filled	Viscosity
B1	oil	Liquid

R	lef #	Bottle size (mm)	Bottle material	Neck opening (mm)	Quantity	Projected speed
	B1	Ø38.73 x 92.56	Glass	Ø10.52	40ml	Up to 60 BPM

Ref #	Cap size (mm)	Cap type	Label size (mm)	Label material	Label position
B1	Ø23.38 x 23.29	Plastic screw	90.49 L x 45.94 W	Plastic	Wrap Around

Customer Specification

Specification from last meeting on Wednesday June 14, 2017



WARNING:
• Production speed mention in this offer is based on received information and calculated to give a projected output speed of the proposed equipment
• More accurate speeds can be given upon testing with actual component and product samples. Speeds may also vary depending on the quality of the components and the treatment time.
This quotation may be subject to modification and/or changes upon:
• Further examination of Products, fill level, bottles, caps and labels samples or relevant drawings and tolerances of project components
• Further examination of the actual conditions for the integration of Capmatic equipment with the existing upstream and downstream installations at customer's premises (i.e.: wedge conveyor)



Equipment configuration and price

Qty.	Description	Unit cost	Selected item
1	Monoblock model Synergy Patriot FCL Including: • Tray infeed into integrated turntable • Servo driven Inline motion indexing • Star wheel-bottle indexing with special guiding system for labelling purposes • Filling station with two (X 2) volumetric pistons activated with servo motor • One automatic screw capping station • One final tightening station with servo drive motor • One pressure sensitive labelling station • Machine controlled with Industrial P.L.C. • 10 " High resolution multi-colour touch screen control interface • Three (X 3) colours status beacon light • Euro guarding system with interlock tempered glass doors • One bottle change parts • One cap change parts	470,950	369,950 Bambino price
TBD	 Each Change parts for different size container For system provided with Labelling station 	8,905	
TBD	Each Change parts for different size cap (316)	20,500	
TBD	Each Different size shut off nozzle	1,540	
TBD	Each Different size volumetric piston	3,730	



Qty.	Description	Unit cost	Selected item
1	Touch & Go" (C.I.P. manifold system) Filling nozzles and dosage pistons not included		4,505
1	Bottle cleaner attachment		19,100
1	Nitrogen purge kit		5,725
2	Each Nitrogen purge before during filling	1,910	3,840
1	Each Automatic pedestal feeder 4 cubic feet S.S. 316		11,345
1	 Eagle Eyes Plus sensor with connector In exchange of normal photo stop sensor Detects paper, low-contrast transparent plastic labels and metallic labels 		2,015
1	Low label sensor detection		1,610
1	Automatic reject station		8,640
1	Ø 39 inch out feed turntable with conveyor section		16,430
1	Documentation supply with all selected equipment (English) 2 Hard copies and one electronic file of: • Service manual with mechanical, electric, pneumatic, Ladder and electronic drawings • General maintenance schedule and description • Capmatic ordering part numbers • One operator manual with troubleshooting, step by step change over procedure and set up sheet		Included



CON-17-9800R3-NP

Qty.	Description	Unit cost	Selected item
	IQ, OQ Validation Protocol Package		
	(for the selected item, only)		
1	Installation qualification		24,500
	Operation qualification		
	Documentation support		
	Does not include the execution or support		
	FAT Protocol Package		
1	(for the selected Item, only)		3,600
	Factory Acceptance Test protocol documentation and support		
	Crate & Packing		
	(For the selected Item, only)	5,200	
	• Estimation only a more precise price will be presented at the time of shipment	5,200	
	Does not include shipping		
	Start Up and Commissioning at your Plant		
	(For the selected Item, only)		
	• By One qualify Capmatic technician, for a period of 2 working days base on 8 hours shift over time excluded		
	• Including: Air fare, hotel and food	5,200	
	• Local transport should be supported by the client or the agent		
	Note : Any extra day required to finalize the start-up, commissioning, training validation support, etc. will be charge at current list price showing in this offer		
	Total price of the selected items (Canadian dollars)		\$471,260.00
			<i>,</i> ,200.00



Qty.	Description	Unit cost	Selected item
	Late delivery Penalty Clause of 0.5% per week for a maxin	num of 10 weeks	
	Scheduled delivery time starts after the layout approval and layout paymen	t has been received.	

<u>Note:</u> The technical description of all the equipment quoted can be found on the following pages.

TBD: To Be Determined



Machine technical specification

Monoblock model Synergy Patriot FCL

Automatic sequential motion (single index) Monoblock system for filling, and capping small pharmaceutical vial at a speed of up to 60 bottles per minute depending on the full application.

This equipment is manufacture to meet or exceed cGMP regulation and is perfectly adapted to work with sterile or Injectable product under ISO 5, Class A & B condition in the Pharmaceutical industries

Equipment composed of:

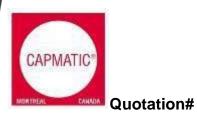
- Two (X 2) volumetric pistons to fill liquid product
- One cap placement with Pre-tightening system
- One final tightening station
- One labelling station

Machine complete with:

- One set of bottle change parts
- One set of plastic screw cap change parts

Machine specification:

- Bottle maximum diameter from 10 to 60 mm (over size product to be analysed)
- Bottle maximum height of up to 250 mm



Machine base and mechanical feature:

- Frame in anodized aluminium completely covered in stainless steel 304
- Inspection door for routine maintenance
- Adjustable support legs for in-line positioning and levelling.
- The transmission group is located inside the frame
- Raised working surface for easy cleaning
- Machine as multiple brushless motors for a smooth and flexible machine operation

Bottle handling system (with labelling station):

- Unloading of the vial from a tray
- The vials are manually pushed onto a small feeding turntable
- Automatic indexing of the vial onto the different station by servo driven finger indexing system
- One special aluminium anodized transporting star wheel with roller bearing to aligned the container at the labelling station
- One bottle presence sensor that stop the machine in case of missing bottle
- Transporting system with safety sensor that stop the machine in case of any jamming
- Raised working surface for ease of cleaning
- Mechanical extractor of the vial from the star-wheel onto a tray
- Back up sensor at the tray that stop the machine when tray is full





Filling station includes:

- Stainless steel pump-rack assembly
- Two (X 2) volumetric cylinders with a capacity of 25 ml to 250 ml each
- Two (X 2) autoclavable stainless steel (316L) piston with "Teflon / Rulon 1439" base packing
- Two (X 2) stainless steel ball check-valves to handle liquid and semi-viscous products
- Each pistons have their independent servo motor control programmable directly form the HMI (panel control)

Filling accuracy expectation of:

- ± 2% (for 0.5 ml to 5 ml fill volume)
- ± 1% (for 5ml to 15 ml fill volume)
- ± 0.5% (over 15 ml fill volume)

depending on equipment set up, nature of the product and the



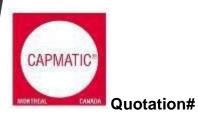
Page 14 of 47



CON-17-9800R3-NP

quantity to be fill (subject to be tested with all products)

- Quick connect/disconnect features for mounting pumps onto the pump rack
- Programmable servo driven bottom up filling system (prevents product splashing and foaming)
- Two (X 2) stainless steel (316L) filling nozzle
- All product contact parts are equipped with quick tool-less removal mechanism (autoclavable)
- One set of braided PVC connection hoses
- No bottle = no fill sensing / control Self-priming



Capping station (screw caps) includes:

- Cap feeding system mounted into a standalone structure completely covered with stainless steel with stabiliser feet
- Hand wheel height adjustment system for the complete sorting and feeding mechanism with numerical
- Stainless-steel covered vibrating system with controllable variable speed
- Touch screen control quick disconnect system directly from the base of the vibrator itself
- No screw attachment inside the bowl
- One (X 1) Stainless steel 316L vibratory bowl with a distributing chute designed for one specific screw cap size
- Stainless steel 316L linear tracks to transfer components from the distributing chute to escapement units
- One (X 1) transfer star wheel for picking station
- Servo drive Pick and Place with pneumatically regulated pre-tightening system to ensure perfect coupling of the cap with the bottle
- One (X 1) final independent servo-drive torque control
- Torque accuracy (± 2 in.-lb.) across a range of 5 100 in.-lbs.
- Torque adjustable directly form the HMI
- Tightening chuck with mechanical jaws using adequate material to prevent any damage to the caps
- Bottle stopper preventing the bottle from spinning while final torque is being applied



CON-17-9800R3-NP





Label application system:

- One special wrap around system (roller style) that spin the container directly onto the star wheel while labelling
- Variable speed electronically synchronized by encoder with the labelling head for label speed distribution

Labelling head feature:

- One electronic labelling head model LS 100
- Maximum width of paper 97 mm (3.81")
- Maximum dispensing speed of 60 meters (195 foot) per minute
- System to adjust the head mounted on biaxial system with double shaft and a very precise scale
- High precision Stepper motor
- System pull push for label stability
- Maximum reel diameter of 380 mm (15")
- Bottle detection with photo start programmable directly from the touch screen control
- Label detection with standard photo stop detection mounted on a sliding arm
- Height adjustment system of the labelling head with hand wheel for easy change over
- Change over label with automatic self-learning device
- Labelling Head control with CPU





CON-17-9800R3-NP

• Stainless steel peal plate for label distribution

Beacon light stack (three X 3 colours)

- Identifies equipment status from a distance
- Solid Red: Machine stop
- Flashing Red: Emergency stop
- Solid Yellow: Stopped for alarm
- Flashing Yellow: Low component warning
- Solid Green: Machine running
- Flashing Green: Machine in stand-by (automatic restart)

Control system composed of:

- Stainless steel panel control with strong stainless steel tubular holding post
- Two (X 2) axis swivel panel control
- Emergency switch on the panel control
- Machine controlled with Industrial P.L.C.
- Ethernet communication port (required IP address)
- 10 " High resolution multi-colour touch screen control interface
- Programmable feeder, conveyor speed, etc.
- Capability of memorization multiple recipes
- Normal machine operation
- Alarm display





CON-17-9800R3-NP

- Number of bottler per run
- Possibility to have different language interface
- Multi-level password protected screens for different access control

Installation requirements:

- 220 volts, 3 phases, 60 Hz, 15 Amp
- Power consumption: 3.5Kw
- Air regulator with filter with ¼ quick connect male with ½ inch NPT
- Air at 100 PSI (6.9 bar) using 20 CFM (566Lt/M)
- 21 CFR part 11 Ready
- Built in accord of CSA (Canadian Standard Association)

Safety feature:

- Special sensor on the in-feed of the transporting screw that stops the machine in case of any fallen bottle
- Slip clutch installed on the transporting star wheel
- Back up sensor on the outfeed tray that stops the machine automatically when tray is full

Quick change over features:

- Dial indicators and or reference counter/scales are used to obtain repeatable quick changeovers.
- Dedicated change part with location pin
- Usage of any tool is restricted to a minimum
- Change over size bottle and cap is done with the used of as less tool as possible and is done in



approximately 20 minute

Safety feature:

- Emergency stop pushbutton switch install directly onto the panel control
- Torque-limiting sensor on all motion system
- Back up sensor at the exit conveyor that stops the machine in case of accumulation

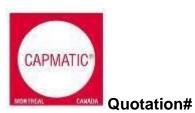
Euroguard safety interlock system

- ¼-in (6 mm) thick tempered glass barrier doors shield the machine perimeter
- Doors are mounted on stainless steel tubing which also enclosed the electrical wirings.
- Safety interlocks are installed to ensure the safety of the operators before start-up and during operation

Standard detection:

- No bottle at the in feed = machine stop (automatic restart when bottles are sufficiently present)
- Cap chute full = vibrator stop (automatic restart)
- No cap on the bottle = machine stop [manual restart] or rejected (require purchase of reject station)
- Labelling head in alarm (broken web, end roll, etc.= Machine stop = manual restart





- Out feed conveyor full = machine stop (automatic restart)
- Optional detection: stopper level, cap level, reject confirmation, reject tray full

Documentation:

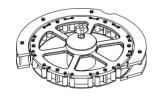
- One service manual with mechanical, electric, pneumatic, Ladder and electronic drawings
- General maintenance schedule and description
- Capmatic ordering part numbers
- One operator manual with troubleshooting, step by step change over procedure and set up sheet

Components change parts

Change parts for different size container

- One complete set of U.H.M.W transporting finger parts
- Side guide with quick disconnect system
- Integrated bottle stopper
- Stainless steel back guide
- Diverting guides from the feeding table into the indexing fingers
- One special aluminium anodized transporting star wheel with roller bearing to aligned the container at the labelling station
- Dedicated anodized aluminium hub with location pin providing very quick set up







CON-17-9800R3-NP

• Side guide with quick disconnect system

Change parts for different size cap

- Orientation bowl in stainless steel 316L
- Ø500mm, 9Kg.
- Continuous weld finish 18 Grit Gage 11
- Out-feed chute
- Distribution Star wheel
- One (X 1) Placement and pre-tightening chuck
- One (X 1) Final torque chuck with mechanical jaws with adequate material for torque control
- All contact parts are autoclavable and design with cGMP regulation for sterile usage

Available options for Synergy platform

Bottle cleaner (air rinse) attachment

Bottle cleaning system with Compress air assisted with Vacuum system to eliminated small particles from the inside of the bottle

- Heavy-duty stainless steel aspirator equipped with H.E.P.A. filter to entrapped particles from inside the bottles
- Stainless steel cleaning nozzle equipped with centring



Page 23 of 47





CON-17-9800R3-NP

cone mounted on the filling nozzle bar

- Centring cone equip with an out feed hoses connected to the Vacuum system
- Clean compressed air (filtered at 0.1 micron)

Standard volumetric piston

- Ball check valve in stainless steel 316 L
- Stainless steel 316 L Volumetric chamber
- Pistons with autoclavable "Teflon" Base packing FDA approved material
- "Tri Clamp" Attachment system
- Dismantling of the complete piston without tool

Shut off nozzle

- In Stainless steel 316
- Pneumatic activated plunger for sealing the nozzle
- Quick disconnect air hose system for wash down
- With PVC re-enforce braded hoses (food Grade) for product transfer
- Attachment system



"Touch & Go" (C.I.P. system)

This system allow to quickly interchange some filling pistons from the filling cycle the a cleanning station while installing the clean filling pistons into production for continuous production while handling the same size and shape components

- Flushing and cleanning stainless steel Manifold with centralized out feed with "Tri-Clamp" connection
- Filling nozzles quick attachment system
- Automatic interchangeability of the filling group over their selected position (fill or Clean)
- Programmable form the touch screen

Nitrogen purge kit

- Regulator valves
- Pressure gauges
- Holding stand for the nozzle
- Interface with machine control
- Nozzle not included
- Nitrogen gas not included

Double wall nitrogen purge nozzle

To inject inert gas into the bottle as it is being filled made in stainless steel 316 L

Nitrogen gas not included







CON-17-9800R3-NP

Automatic pedestal hopper feeder

To feed components directly onto the orientation system to give you a longer autonomy

- Stainless steel 316L construction
- Pharmaceutical finish with polish welding
- 4 cubic feet. (larger capacity available)
- Castor wheel with brake for unit transportation
- Quick removable system of the hopper for cleaning purposes
- Variable speed adjustment by air regulator
- Pressure gauge
- Quick air connect system

Eagle Eyes Plus sensor with connector

Sensor able to detect every style of label onto backing paper with minimum adjustment



Low label sensor detection

• That will stop the infeed or will show status on stack Light (not included)





Reject station

- Mechanical tracking of the container on all time, no need for electronic tracking
- Automatically removes faulty components
- They are rejected by a positive ejection pneumatic piston ensuring removal of the faulty component standing in upright position
- Stainless steel reject shelf
- Reject confirmation sensor
- Fail-safe design, all bottles are assumed defective until compliance is confirmed

External Independent Outfeed turntable

To have a longer outfeed autonomy then the standard out feed tray system

- 4-foot (1220mm) section Independent out feed motorized low profile conveyor with adjustable guide
- Table structure in stainless steel completely covered with stainless steel sheeting and removable access door
- 4 adjustable stabilizing feet
- One tray table infeed for bottles accumulation in stainless steel
- 39-inch (990 mm) diameter turn table in stainless steel
- Stainless steel disc siting onto a thick aluminium base guide by roller bearing for disc stability
- Variable speed control





Page 27 of 47



CON-17-9800R3-NP

- Set of adjustable guides for container positioning and alignment
- Single side rail
- Stainless steel transfer tray holder to remove the finish product from the turn Table

IQ, OQ Validation Protocol Package

- Installation qualification, IQ
- Operation qualification, OQ
- Electronic files
- Support for customer execution of installation and operational qualification protocols at Capmatic site during F.A.T.
- Validation support during S.A.T. at client premises available at extra cost
- Provides test data which is supplemental to the standard documentation package
- Experience validation services and FDA up to date

Yearly Preventative Maintenance program

The purpose of the preventive maintenance:

• Increase the life span of the equipment.





CON-17-9800R3-NP

- Increase reliability of equipment, thus reducing the probability of failure in service and reducing costs of failure and improve availability.
- Improve the scheduling of work.
- Reduce and regulate the workload.
- Reduce downtime in case of revision or failure
- Preventing and also provide costly corrective maintenance interventions
- Allow to decide corrective maintenance in good conditions
- Avoid abnormal energy consumption, lubricant, etc. and facilitate inventory management.
- Improving the working conditions and training of the production staff
- Decrease the maintenance budget and improvement of revenues

The Preventive Maintenance (PM) performed by a Qualified Capmatic Ltd. technician at your plant:

- Maintenance will be performing in the production area
- Complete Machine lubrication and general inspection
- Visual inspection of all internal and external mechanisms will be performed to look for any abnormal wear.
- Verification that all connections in the electrical cabinet and control panel are properly connected and interfacing with each other correctly.
- All belts and chains will be inspected for wear and adjusted as needed
- List all suggested wear parts for purchase ensuring good client inventories of parts that may needed to be replaced during the coming year due to normal wear
- Replace any parts that need to be replaced from client stock or supplied by Capmatic, billed at list price



Please Note: Critical parts that need to be replaced can be ordered as required and can be installed the next day (assuming that Capmatic has the parts in stock available for immediate shipment)



Factory Acceptance Test (F.A.T.)

During the F.A.T stage, we invite the customer to our facility to participate in a simulation and validation of the system before it is installed at the site. This is the customer's first real opportunity to validate that Capmatic Ltd. provides what was stated in the functional specification and reduces surprises onsite.

Simulation saves time and money during start-up and ensures that your system will function effectively even when abnormal situations arise. We also use this opportunity to do some preliminary operator training and some "fine-tuning" prior to system delivery.

You will benefit by seeing that the hardware and software of your system is optimally performing before it is installed and also gain better insights into how your system works.

When included as a contract agreement, Factory Acceptance Testing (F.A.T) is performed on all custom-designed systems at our facilities prior to delivery.

Customers are free to perform their own tests or provide Capmatic Ltd. their test protocols (preferably with PO). In the event where Capmatic provides the protocols for the F.A.T, the document and proposed functional tests are to be sent to the customer well in advance to enable test selection and planning for execution during the F.A.T. A project leader and testing engineer from Capmatic Ltd. is always present during testing. After inspection and testing of the equipment and control of the documentation customer approval is required before the system can be delivered.

The F.A.T activity typically includes verification/testing of the following:

- Mechanical assembly
- Electrical assembly
- Review of documentation
- Verification and functional testing



- Complete system test
- During F.A.T if the equipment fails to meet satisfactory standards, as outlined in the F.A.T protocols developed by Capmatic, the manufacturer (Capmatic) will correct the situation prior to delivery of the machine.

Factory Acceptance testing benefits:

The advantage of performing a F.A.T at the Capmatic Ltd. Facility is that all engineers involved in the project are available if any modifications need to be made. Upgrades and other changes are easily carried out.

- Save time when installing the system onsite
- Eliminate errors
- Get full support from the Capmatic Ltd. project organization at time of testing
- Improve system performance accuracy

Custom-made solutions can be adapted faster and easier at the Capmatic Ltd. factory than at customer sites due to availability of our expertise



CON-17-9800R3-NP

Start Up and Commissioning at your plant

Client responsibilities are:

- Ensured that equipment's are properly unpack
- That the equipment's are in line with other equipment
- That equipment's are level
- That equipment's are connected with proper utility (water, clean compress air, and electricity
- That components are widely available_

Capmatic qualified technician responsibilities are:

- Ensuring that all utility have been properly connected (air, electricity, etc.)
- That all equipment's are properly connected and interfaced with each other.
- All equipment's are levelled.
- Perform similar test that was previously done during the F.A.T. to prove the efficiency of the equipment
- Equipment training with line operator, maintenance, set up personnel and manager

Note: Price is based on 8 hours shift Any over time perform during Start Up and commissioning or delay which prevent Capmatic technician to perform these functions and is not caused by Capmatic's technician or its equipment's will be charged to the client at standard service rate (refer to "Service Rate" mention in this document).

Training session for Operator, maintenance and management staff

The following steps can normally be done during either a Start Up and Commissioning at your plant or FAT / SAT:

Basic Training Steps Consist Of:

Initial Machine Setup

Preliminary control



Start-up procedure for a production run

Machine Production

Machine workflow

Comprehending machine stops during a production run

End procedures following a production run_

Component Change over

How to prepare the machine for a changeover procedure

Introductory Changeover instructions

Complete Changeover procedures

Safety Features

Safety Protection Systems

Safety warning labels

Warning lights

Emergency stops

Restart sequence after an emergency stop

Cleaning procedure

General Cleaning Procedures

<u>Note</u>: The level of training should be discussed in advance with the customer to understand and establish the depth and expectations of the training to be performed. Capmatic cannot guarantee the successful training of any employee. therefore, should a more advanced training sessions be required the customer will be charged the standard service rate for the duration of the additional training (refer to the "Service Rate" section at the end of this document) Capmatic can also offer training certificate for employees or personnel involved in the training of the equipment

Page 34 of 47



CON-17-9800R3-NP



Equipment picture



<u>NOTE:</u>

Page 36 of 47



• Pictures and Equipment Layout are for preliminary use only and do not necessarily reflect actual equipment features as quoted on the configuration and price page



Project management & milestone

Project Management

Capmatic has an experienced Project Management department that will control the project after the order has been placed. Upon receipt of the purchase order and first payment, a Project Coordinator is assigned to lead a project team consisting of Mechanical Engineering, Electrical Engineering, and technical support personnel. The Project Coordinator provides the single point of contact for all project-related issues. Capmatic considers effective two-way communication to be a most important factor in successful project execution. To this end, the Capmatic Project Coordinator will provide periodic reports on project status.

Project Milestones

Project Milestones identify the steps for project execution from purchase order receipt to production system startup. Upon the mutual consent of the Customer and Capmatic, certain milestones will be established in orderly performance increments. Non-compliance with scheduled milestone requirements will affect the project execution. Capmatic reserves the right to move the delivery to the next available delivery slot should the Customer fail to satisfy the requirements of a milestone.

Purchase Order

Upon the receipt of the purchase order, Capmatic begins the process of assembling the project team. A Project Coordinator is assigned and the lead technical personnel are identified. Once the project team is assembled, Applications Engineering schedules the project Kick-Off meeting to brief the team on the contract performance requirements.

Kick-Off Meeting

The Kick-Off meeting serves to introduce the Capmatic project team to the Customer project. The project scope, performance requirements and schedule are detailed so that the preliminary design process can begin. In this way, the equipment proposal is handed over as a contract to the Project Management team. The Customer is welcome to attend this meeting at the Capmatic factory site. Customer costs for such attendance will be borne by the Customer.

Planning Design Review (PDR)

The purpose of the in-house Planning Design Review is to ensure that the equipment design, manufacturing processes, and schedule requirements have developed as expected since the kick-off meeting. Additional PDR topics are the list of Customer-supplied parts/materials; applicable standards and the finalized acceptance test procedures and format (if any). Upon successful completion of the PDR any agreed-upon design changes are

Page 38 of 47



incorporated, potential impacts to cost and schedule are evaluated, costly and/or long lead-time components are ordered (or fabricated) and the process of design implementation begins.

Documentation

Capmatic provides one copy of documentation with its machinery. This package includes hard copy installation, operation and maintenance manuals, vendor documentation for outsourced components, and drawings for electrical, pneumatic and mechanical systems. Soft copies are provided for electrical and pneumatic assemblies, programmable logic control ladder logic, and operator displays and controls as applicable

Training

Capmatic would like to emphasize the importance of training your operators, maintenance and setup personnel to ensure the successful use of your new equipment. While we provide an instructional manual, tooling drawings, etc., it is important for your personnel to be confident that they know how to operate and maintain the equipment at your facility. "Hands-on" experience in our plant under the guidance of our engineering and assembly personnel is the best way to obtain this training. We suggest your personnel spend two days in our plant so we can train them. We provide this convenient one-time training in our plant as a part of the contract. Other than this, training at your plant can be provided according to Capmatic's standard service rates and conditions.

Customer responsibilities

Capmatic considers effective two-way communications as a critical factor in successful project execution. To this end, the Customer must be apprised of all scheduled design reviews and milestone events. In addition, the Customer must promptly document and forward to Capmatic any changes from the contractual baseline in the product, process, or equipment specifications. It has been assumed that the Customer will provide each item on the following list in a timely manner. After order placement, the project manager submits a project schedule for those items which are required to support the quoted delivery.

Note: This list is provided as a guide with the understanding that it may not be all-inclusive.

The Customer will provide:

- 1. An individual in the Customer organization who is the responsible single point of contact for the Capmatic project manager.
- 2. Drawings of current component parts.



- 3. All plant or facilities drawings including location of power, air and water sources, floor space requirements and site survey information required for Capmatic engineering.
- 4. Parts for design, development, and machine debug and acceptance. It has been assumed that the parts are clean, separated and dry of oil, and without contaminants.
- 5. In process component part information identifying any feature, condition or tolerance, which is not on the part print, but must be accommodated by the proposed machine.
- 6. Design review and approvals within two weeks of receipt of drawings.
- 7. Production and support personnel adequate to conduct machine acceptance.
- 8. Personnel to conduct data recording and analysis of acceptance testing activities.
- 9. Unloading, transporting and un-crating of the equipment to the installation site.
- 10. Positioning, re-assembling and securing of the equipment.
- 11. Power drops to the individual machines or to the lines main electrical panel(s).
- 12. Clean dry, compressed air drop(s) to Capmatic machines or main header(s).
- 13. Qualified maintenance and repair personnel suitable for training on the purchased equipment.
- 14. FAT protocol and customer expectations for equipment acceptance.
- 15. Preparation of the installation site, including the removal of any obstacles.
- 16. Approval for occupancy for the building in which the machines are to be installed.
- 17. Formulas, calculation formats, software, practices or methods, which are expected to be a part of, or which can affect machine acceptance.

Part Requirements

Due to the short delivery time of the equipment, the following timetable for product delivery must be met in order to keep the project on time. Quantities listed are our desired amounts, but if availability is limited, actual quantity changes can be negotiated with the project manager.



All piece parts shipped to Capmatic should be identified by part number and accompanied by a packing slip and piece part drawing for identification purposes. If you elect to ship all the required parts to us in a single shipment, parts to be used for various purposes should be in separate containers and each container should be labelled with the quantity of parts contained within. For example, the 3,000 parts for feeder bowl development should be in a separate container from the 30,000 parts for machine development and debug. If parts are not separated in this manner, we separate them at our plant in Montreal and charge you for the extra labour of sorting, counting, and repackaging these piece parts.



Parts requirements table:

Quantity	Part Description	Part Use	Delivery
1 Box Each Style	Bottle	Design	With PO
5,000 Each Style	Bottles	Feeder Development/FAT	2-4 weeks ARO
5 Liter Each	Product	Design	With PO
20 Liter Each	Product	FAT	2-4 weeks ARO
1 Box Each Style	Сар	Design	With PO
5,000 Each Style	Caps	Feeder Development/FAT	2-4 weeks ARO
1 Reel Each Style	Labels	Design	With PO
3 Reel Each Style	Labels	Development, FAT*	14 weeks ARO

Sufficient filling product is required for machine tests (accuracy and speed). Quantity shall be determined ARO.

PO=Purchase Order ARO=After Receipt of Order

Service rates & spare parts

Technical Assistance Rates for a Capmatic Technician:

Labour: \$150.00 / hour (normal working hours)

Note: beyond regular hours, the time is calculated as follows: 1.5x time for overtime, 2x time for Holydays

Travel time: \$85.00 / hour

Page 42 of 47



Note: beyond regular hours, the time is calculated as follows: 1.5x time for extended travel (over 8 hours), 2x time for Holydays

Food:	\$75.00 / day (Budget)
-------	------------------------

Hotel: \$200.00 / day (Budget)

Car rental: \$125.00 / day (Budget)

Other / Misc.: \$25.00 / day (Budget)

Airfare: The price depends on the destination and advance notice.

Note: Labour and travel time rates are fixed rates. All other expenses are charged at actual cost.

Spare Parts

Upon request, Capmatic can quote spare parts for the system. For budgetary purposes, we recommend adding 2-4% of the value of the equipment for spare parts.



CON-17-9800R3-NP

Payment, delivery, warranty, etc...

Shipping	EX Work, Capmatic Ltd. Montreal Canada
Crating:	Extra
Freight:	Customer charge
Technical Assistance	Direct via the Capmatic factory (514-322-0062) or at parts@capmatic.com
Installation	Unloading, localization of the machinery and connection of all services required for the proper function is the client's responsibility.
Start Up	Our technicians can do start-up of the machine if required. Additional charges will apply for this service. Travel and living expenses will be charged at actual cost
Delivery	6 to 7 Months
	A firm production schedule will be established after having received your order, first payment, approve representative samples, Product Matrix, Layout and all other technical information requested needed to manufacture the equipment according to this contract.
	Delivery is also contingent on receiving the requested bulk samples on time as information given by Capmatic project coordinator and all following progress payments
	Note: Capmatic is shut down for seven working days at the end of December.
Form of Payment:	40% with purchase order
	30% upon client layout approval
	30% at the acceptation of the equipment at Capmatic (FAT)
	Note : Any banking fee or any other fees generated by another terms and condition mention in this offer will be entirely covered by the client
	The equipment remains the property of Capmatic until the machine is paid in full.
Training	Training of client's personnel is available at no charge by our factory-trained technicians at the time of the machine



CON-17-9800R3-NP

approval at our plant.

GuaranteeAll parts and assemblies manufactured by Capmatic are guaranteed against defective workmanship for a period
of Two year from date of shipment or a maximum of 6,000 operating hours for mechanical parts and 24 months
or a maximum of 4000 hours for electronic parts. Capmatic reserves the right to repair or replace faulty parts, as
it deems suitable on Capmatic basis. Parts replaced on warranty basis must be returned to Capmatic, customer is
to assume all return expenses. Shipment and labour costs will be billed separately.

ConfidentialityThe Purchaser, the Supplier and or the Agent consider extremely confidential the information received by
Capmatic; therefore, they commit themselves from disclosing this information to a third Party

Validity

This quotation is valid for 30 days.

Nick Perugini

Authorized Representative

Application Engineer

Tweed Inc.

Capmatic Ltd.



CON-17-9800R3-NP

Capmatic Terms and conditions

THE FOLLOWING TERMS AND CONDITIONS ARE IN ADDITION TO AND FORM AN INTEGRAL PART OF OUR QUOTATION

Guarding provided by Capmatic may not suit your local requirements. Additional guarding, at extra cost, can be provided to meet your specific requirements.

Recommended Spare Parts Kits are available for two years' normal operation. Detailed lists are usually prepared immediately before shipment to suit all machinery parts and accessories. Please allow an additional 5% charge on the total Ex-Works value.

Estimated Speeds are subject to testing of Buyer's bulk samples. In those cases, where bulk samples are not supplied, equipment will be tested for normal functioning only. Performance on products not submitted to Capmatic, whether express or implied, is not guaranteed.

Samples supplied for testing purposes are to be supplied at Buyer's cost. All samples will be returned with the tested machinery. In the case where returning product will significantly increase the freight costs, the buyer will have the option of paying for proper disposal of their samples.

Changes: Capmatic reserves the right to alter designs, incorporate improvements as required to ensure proper operation of all equipment, parts and accessories ordered. Changes requested by the Buyer once the work is in progress are subject to additional charges for reasonable costs and expenses incurred as a result of such changes, and for labour, materials and services required to effect the changes.

Guarantee: All machines and equipment manufactured by Capmatic are guaranteed against defective workmanship for a period of two year from date of shipment, maximum 6,000 hours operating time. Capmatic reserves the right to repair or replace faulty parts as it deems suitable on FOB Capmatic Work's basis. Parts replaced on warranty basis must be returned to Capmatic, freight prepaid. Capmatic covers labour to replace items under warranty for 60 days from the date of installation however travel time and travel expenses are to the account of the Buyer. Capmatic will neither assume, nor authorize any person to assume for it, any obligation or liability in connection with its merchandise or any part thereof, which have been subjected to repairs by any unauthorized individuals or entities or that have been subjected to accidents, alterations, abuses or any negligence or misuse regardless of how same occurred. Machines and equipment manufactured by independent suppliers are warranted by the suppliers according to their standard warranty.

Capmatic makes no warranties, express, implied or statutory (including but not limited to any implied warranties of merchantability of fitness for a particular purpose) other than the express warranty immediately set forth on this warranty and in the attached quotation.

This contract and all matters relating to the interpretation of the same, any claim for consequential or incidental damages and any claims, right of action and demands, regardless of how same are described, whether in law or equity, shall be interpreted according to the laws of the Province of Quebec, Canada and they shall be pursued solely in the Province of Quebec, Canada.

<u>Price and Payment Terms</u>: The purchases price shall be payable in the currency specified on this proposal. Your acceptance of this proposal shall not result in a contract of sale until approved by a duly authorized employee of Capmatic Ltd. Payment terms are specified in our proposal and in our quotation and cannot be altered unless changed in writing by an authorized Capmatic representative. Capmatic reserves the right to suspend production and delivery schedules in respect of any order if any account is not paid when due. Buyer accepts charges of 1.5 % interest per month (18 % per year) on overdue amounts.

Taxes: Liability for all taxes, excises or other charges imposed by any local, state or federal authority, which have to do with or affect the goods herein ordered, shall be assumed and paid by the Buyer. You further agree to indemnify and protect us against any and all such liabilities for taxes as well as any legal fees or costs incurred by us in connection therewith.

Bank charges, fees for legalization or certification of documents are to the Buyer's account. Capmatic prices do not include an allowance for these charges.

Delivery dates are approximate and are based on prompt receipt of all necessary information from Buyer including original purchase order, advance payment where applicable, samples as required and confirmation of all technical details. Capmatic will make every reasonable effort to deliver before or on schedule, however, Capmatic shall not be liable for any damages whatsoever due to a delay in delivery howsoever caused.

Storage: If delivery is delayed by the Buyer for any cause, Capmatic shall be entitled to payment for the goods and to charge the Buyer for storage of the goods until delivery.

Shipping weights and dimensions are published as estimates only and are not guaranteed. Actual crate weight and dimensions can only be advised once equipment is fully packed. Freight rates where applicable are estimates only and are subject to revision according to the actual freight charges incurred at time of shipment.

Damage claims: Great care is taken in packing all machines, parts and accessories. After Capmatic has been given a 'Received in Good Order' receipt by the transportation company, we cannot be held responsible for damage that occurs in transit. All claims for breakage or damage whether concealed or obvious must be made to the carrier as soon as possible after receipt of the shipment. Capmatic will render all possible assistance to secure satisfactory adjustment of such damage claims.

Installation: Capmatic prices for equipment, parts and accessories do not include an allowance for installation or final on-site adjustment. Installation and start up service performed by Capmatic is chargeable as a separate item and can be included in our quotation if required.

Page 46 of 47



tion#

CON-17-9800R3-NP

<u>Cancellation</u>: Acceptance of this proposal creates a contract, which can be terminated or cancelled only upon Buyer's written request and Capmatic written consent thereto, subject to such conditions as we may reasonably require. Normally, and in the absence of special circumstances, our consent to such cancellation will be contingent upon your agreeing to pay us a cancellation charge based on the purchase price and the percentage of completion (as estimated by Capmatic) of the equipment at the date of such cancellation.

Custom manufactured or third party equipment cancellation charges to be determined on a case-by-case basis at the sole discretion of Capmatic.

Returned material: In no case are materials or equipment to be returned without Capmatic's written permission. All such returned materials must be in 'as new' condition. Materials and/or equipment accepted by us for credit are subject to a minimum service charge of 20 % plus all transportation charges. Any materials or equipment authorized for return must be securely packed to reach us without damage.

Materials and consumables, especially tamper evident neck banding/body banding materials, should only be purchased in bulk, by the Buyer, once actual samples have been proven in production. Capmatic cannot be responsible regardless of testing performed and recommendations made beyond the cost of new tooling, should changes be required.

Capmatic specifications and drawings and other descriptive material supplied by Capmatic are subject to copyright protection, and are not to be reproduced at all or in part without the written consent of Capmatic.

Remedies and limitations of liability: Capmatic's liability for any claims arising out of any contract formed between Capmatic and any Buyer including any warranty claims and claims based on the alleged negligence of Capmatic, its officers, agents or employees, and any Buyer shall not include any special, consequential, incidental or penal damages including loss of profit or revenues, loss of use of the goods, or any associated equipment or system in which a product is installed, damage to associated equipment or systems, cost of capital, cost of substitute products, facilities, services or replacements, downtime costs or claims of Buyer's customer for any such damages.

In case of goods manufactured to Buyer's designs or instructions, the Buyer guarantees that such goods or the process of manufacture do not infringe any patent, registered designs or other property rights, and agrees to absolve Capmatic from all liabilities, costs, claims and demands which may be brought against Capmatic.

Waiver: Capmatic's failure to insist upon a strict performance of any of the terms and conditions herein shall not be deemed a waiver of any rights that Capmatic may have and shall not be deemed a waiver of any subsequent breach or default in these conditions.