

HESP Standard License Agreement

This HESP Standard License Agreement (this "Agreement") is made and executed as of _____ (the "Effective Date") by and between _____, a company organized under the laws of _____, and having its principal office of business located at _____ (hereinafter referred to as "Licensee"), and HESP Alliance vzw, a company incorporated under the laws of the Belgium, and having its principal office of business located at Philippsite 5, bus 1, 3001 Leuven, Belgium (hereinafter referred to as "HESP Alliance").

WHEREAS, Licensee is an HESP Alliance Member and bound by the terms and conditions of the Bylaws and the IP Policy;

WHEREAS, the HESP Alliance wishes to grant to Licensee a non-exclusive license to use the HESP Standard for the purpose to develop, make, use, Sell, and offer to Sell or otherwise commercialize HESP Solutions in accordance with Section 4.4 (License to HESP Standard) of the IP Policy;

ACCORDINGLY, in consideration of the mutual agreements stated in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensee and HESP Alliance agree as follows:

ARTICLE 1. APPLICATION

This Agreement shall incorporate all terms and conditions of the IP Policy of the HESP Alliance with respect to the main purpose of this Agreement, including but not limited to Section 4.4 – 4.6 (Copyrights), 8 (Royalties), 10 (Verification Program) of the IP Policy. In case of conflicts between this Agreement and the IP Policy, this Agreement shall prevail.

ARTICLE 2. DEFINITIONS

Capitalized words not defined in this Agreement shall have the meaning as defined in the Bylaws and the IP Policy.

"Affiliate" means any individual, corporation, limited liability company, partnership, association, trust or other legal entity or organization, including any governmental authority that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person, Whereby "control" means the possession, directly or indirectly, of the power to direct or to cause the direction of the management or policies of the Person in question through the ownership of voting securities or by contract or otherwise.

"End User" means any natural person or legal entity to which the Licensee has licensed or Sold, either directly or indirectly through a third party, a HESP Solution for its own use, whether alone or in combination with any other product without the right to further sub-licence the HESP Solution. For example, End User may include subscribers, viewers or households.

"HESP Solution" means those processes, method, products, hardware, or software, or portions or combination thereof, as developed, created or manufactured by Licensee that implement and conform to the relevant requirements of the HESP Standard as verified in accordance with Section 10 (Verification Program) of the IP Policy and Annex 1 (HESP Royalties).

"HESP Royalties" means the compensation paid by Licensee to the HESP Alliance for the use of the HESP Standard in accordance with Annex 1 ("HESP Royalties").

"Taxes" means any value-added tax, sales tax, income tax, consumption tax or any other similar applicable tax, duty, fee, levy or other governmental charge, customs duties and other levies.

"Term" means the period set forth in Section 9.1.

"Territory" means any country for which the use of the HESP Standard was approved by the HESP Alliance for the use and commercial exploitation of the HESP Solution in accordance with the Section 10 (Verification Program) of the IP Policy.

"Sell" or any variation thereof means, as the context requires, to sell, supply, offer for sale, dispose, license, rent, lend, lease, commercialize, exploit, distribute, or otherwise transfer the HESP Solution in exchange for money or any other form of compensation or consideration.

ARTICLE 3. LICENSE

- 3.1** Grant. Subject to the terms and conditions of this Agreement and the due payment of the HESP Royalties, the HESP Alliance hereby grants to Licensee, during the Term of this Agreement and in the Territory, a non-exclusive, irrevocable, right to use the HESP Standard for the purpose to develop, make, use, Sell, and offer to Sell or otherwise commercialize HESP Solutions for the use by the End User, either directly or indirectly through a third party, without the right of the End User to further sub-licence the HESP Solution ("**License**").
- 3.2** Reservation. All rights not explicitly granted to Licensee in this Agreement are expressly reserved for HESP Alliance. Except as expressly provided in this Agreement, no other rights or licenses are intended or conveyed herein, whether by implication, estoppel, or otherwise.
- 3.3** Reverse Engineer. Except to the extent agreed by the Parties in connection with this Agreement, Licensee shall not otherwise without prior written consent of HESP Alliance: a) modify, create any derivative work of, or incorporate into any other product the HESP Standard or any portion thereof; b) market, transfer, disclose rent, lease, lend, sell, copy, redistribute or sublicense the HESP Standard by itself or with other unauthorized software to any other third-party or in combination with third-party products.
- 3.4** Documentation. For the purpose of this Agreement, the HESP Alliance will make available the HESP Standard to the Licensee in form of documentation with the relevant specifications for implementations, the minimum technical requirements, the suitability, the integration, the features and compatibility of the HESP Standard including user manuals and operational instructions ("Documentation"). HESP Alliance shall maintain and provide a list with open source and third-party software that may be provided in connection with the HESP Standard. For the avoidance of doubt, HESP Alliance is not a sub-licensor of such software. HESP Alliance refers Licensee to applicable attribution files and license terms disclosures and pertinent terms of the third-party software publisher which apply directly to Licensee. However, parties will ensure their compliance with such relevant licensing terms.
- 3.5** Notification. HESP Alliance will inform Licensee of any new version of the HESP Standard and related changes. A new version of the HESP Standard may require the reassessment of the HESP Solution in accordance with Section 10 (Verification Program).
- 3.6** Development. Nothing in this Agreement shall be construed as prohibiting or restricting Licensee from independently developing competitive online video products or services.

ARTICLE 4. HESP ROYALTIES

- 4.1** HESP Royalties. In consideration of the License granted to Licensee under this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensee shall pay the HESP Alliance a compensation in accordance Annex 1 for all HESP Solutions licensable by this Agreement ("HESP Royalty").
- 4.2** Payment Term. Any payment made under this Agreement shall be made by wire transfer within thirty (30) days after receipt of the invoice to the account designated by the HESP Alliance or other means the HESP Alliance shall, in its sole discretion, find acceptable. The HESP Alliance may allocate any amounts paid by Licensee to the oldest undisputed invoice for which the HESP Royalty is due.
- 4.3** Taxes. Each party shall comply with its obligations under applicable tax laws. The Licensee shall provide the HESP Alliance with a valid tax exemption certificate authorized by the appropriate taxing authority, if any. Any applicable Taxes will appear as separate items on the invoice. Licensee shall notify the HESP Alliance in writing and in advance of any withholding Taxes if mandatory applicable law requires the Licensee to withhold any such Taxes on payments under this Agreement. In such a case, the gross amount of the payable HESP Royalties by Licensee shall be adjusted upwards with the amount of the withholding Taxes. If the Licensee in good faith contests any Taxes, if any, that is payable or reimbursable by the Licensee, the HESP Alliance shall reasonably cooperate in such contest at the Licensee's expense.
- 4.4** Late Payments. Any late payment required under the Agreement subject to an interest, compounded monthly, at the lesser of eight percent per annum or the highest interest rate permitted to be charged under applicable law.
- 4.5** Reporting. In order for the HESP Alliance to calculate the HESP Royalties, Licensee shall provide for quarterly reports detailing the extent and amount of the licensed or sold HESP Solutions in a transparent manner and as reasonably requested by the HESP Alliance. Licensee shall keep and maintain accurate and detailed books and records adequate for the HESP Alliance to ascertain the royalties payable hereunder.

In order to verify the correctness of such reports, Licensee agrees to cooperate and permit its books and records to be examined to the extent reasonably necessary and with regard to the subject matter thereof but not more than maximum once every year during regular business hours upon prior written notice by the HESP Alliance, unless an audit reveals a shortfall and a follow up audit is required to verify compliance. All relevant reports and records shall be kept accessible for the HESP Alliance for at least three (3) years after termination of the Agreement, or for a longer period if required by law. If the audit reveals an underpayment of more than six (6) % of the amount actually due for the period being audited Licensee shall bear the cost of that audit, including any travel costs.

The HESP Alliance shall maintain all information in such reports in accordance with Section 10.1 (Confidentiality) of this Agreement which may be used by the HESP Alliance to declare and report revenue related information and in order to facilitate the distribution of the aggregated HESP Royalty income in accordance with the IP Policy to the extent needed, including the geographic region and amount of HESP Solutions sold, without disclosing Licensee's identity unless required by law, court order, or rule or regulation.

ARTICLE 5. AFFILIATES

- 5.1** Agreement: The Affiliates of Licensee, if any, may benefit from the License under this Agreement provided the following conditions are fulfilled:
- a. The HESP Alliance may grant to one or more Affiliates of Licensee a separate License on the same terms and conditions as this Agreement; or
 - b. Each Affiliate agrees in writing with signature to adhere and comply with the terms and conditions of this Agreement through a participation agreement or similar arrangement; or
 - c. Licensee signs this Agreement on behalf of his Affiliates, whereby Licensee shall provide a list of the respective Affiliates, which may be updated from time to time in writing by the Parties; or
 - d. Licensee shall have the right to sublicense this Agreement to its Affiliates, whereby Licensee shall provide a list of the respective Affiliates.
- 5.2** Performance: Notwithstanding the foregoing, Licensee shall be responsible for all performance and compliance by its Affiliates in connection with this Agreement. Licensee may, at any time, elect to act on behalf of itself and one or more of its Affiliates.
- 5.3** Obligations: Despite the foregoing, towards the HESP Alliance, Licensee assumes solely all rights and obligations of its Affiliates under this Agreement in connection with the foregoing. The HESP Royalties obligations incurred by an Affiliate and its claims brought by such Affiliate are deemed to be the HESP Royalty obligations or claims of Licensee solely under this Agreement. The HESP Royalties shall be accumulated, owed and paid by Licensee under this Agreement, unless otherwise agreed by the Parties.

ARTICLE 6. Intellectual Property Rights

- 6.1** General. Nothing contained within the Agreement constitutes a transfer of any Intellectual Property Rights from one party to the other party and each party acknowledges that no right, entitlement, or interest in the Intellectual Property Rights of a party is extended to or conveyed to the other party, except as expressly stated in the Agreement, the IP Policy or otherwise in writing. Neither party shall have the right to contest, claim or will undertake or try to obtain, register or apply for any Intellectual Property Rights or other rights, names, or designations owned by the other Party anywhere in the world. Neither party shall do anything that might exhaust, misrepresent, change or otherwise compromise the ownership or Intellectual Proprietary Rights of the other party under this Agreement.
- 6.2** HESP Standard. All use of the HESP Standard by Licensee shall inure to the benefit of HESP Alliance for purposes of enforcement of its rights, title and interests to it. Licensee acknowledges that nothing herein gives Licensee any right, title or interest in the HESP Standard, apart from the license granted hereunder. In no event shall Licensee's use of the HESP Standard be deemed to vest any right, title, or interest to the licensed HESP Standard in Licensee. Unless otherwise agreed by the HESP Alliance with third parties, the HESP Alliance owns all rights, title and interests in all worldwide Intellectual Property Rights created or provided with respect to the HESP Standard in connection with this Agreement, either during, before or after the termination of the Agreement, which shall at all times solely remain or be automatically transferred to HESP Alliance through assignment, entitlement or otherwise, including the entire right, title and interest.

ARTICLE 7. REPRESENTATIONS AND WARRANTY

- 7.1** Each party represents and warrants as follows:
- a. That it has the requisite power, authority, and right to enter into this Agreement, to consummate the transactions contemplated herein, and that it has not made and shall not make any outstanding agreements, assignments or encumbrances inconsistent with the provisions of this Agreement;

- b. That it will comply with all applicable laws, regulations or ordinances pertaining to its performance hereunder;
- c. That it enters in this Agreement at free will and that it understands its content;
- d. That it had the opportunity to receive independent legal advice in connection with this Agreement.

7.2 The Licensee represents and warrants as follows:

- a. that Licensee is fully aware that the HESP Standard may include one or more Patents licensed to the HESP Alliance by one or more of its Members;
- b. that this Agreement grants only the rights to the HESP Standard for the purpose of Selling HESP Solutions but it does not provide any guarantee to Licensee to have all the Patent rights or other rights needed to Sell the HESP Solution;
- c. that the HESP Royalties are fair and reasonable for the License and its value.
- d. that in executing this Agreement, it does not rely on any promises, inducements, or representations made by HESP Alliance, a Member or a third party with respect to this Agreement, now or in the future, with the exception of the terms of this Agreement.

7.3 EXCEPT THE EXPLICIT WARRANTIES HEREIN, THERE ARE NO OTHER REPRESENTATIONS, WARRANTIES AND CONDITIONS, EXPRESS OR IMPLIED, OR ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE, WITH RESPECT TO THE HESP STANDARD, OR ANY PART THEREOF, OR WITH RESPECT TO ANY PATENTS INCLUDED IN THE HESP STANDARD, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND/OR NON-INFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS OR ANY THIRD-PARTY SOFTWARE. THERE SHALL BE NO OBLIGATION OF THE HESP ALLIANCE TO DEFEND OR INDEMNIFY THE LICENSEE WITH RESPECT TO THIRD PARTY CLAIMS OR ACTIONS RELATING TO THE HESP STANDARD, PATENTS OR THE HESP SOLUTIONS.

ARTICLE 8. LIMITATIONS OF LIABILITY

- 8.1** HESP Alliance shall have no commitment, responsibility, liability regarding the testing, interoperability implementation of the HESP Standard in connection with the verification or use of the HESP Solution.
- 8.2** Either party disclaims and shall not be liable for any lost profits, lost revenues, losses or damages, whether direct, indirect, punitive, incidental, consequential, special or exemplary, interruption of use, lost or corrupted data, third-party software and claims, arising out or in connection with this Agreement or the termination thereof, even if a) the party has been advised as the likelihood of such loss or damage or b) the damages were foreseeable.
- 8.3** If, despite any of the other provisions of this Agreement, there shall be any liability of a party to the other party or any other third party that arises out of or is in any way connected to this Agreement (including, but not limited to, the Patent Rights or HESP Standard), the aggregate liability for all damages, losses and causes of action whether in contract, tort (including negligence) or otherwise, either jointly or severally, shall not exceed the greater of the aggregate amount of HESP Royalties paid by Licensee to the HESP Alliance under this Agreement.
- 8.4** This limitation of liability reflects an allocation of risk between the parties in view of the HESP Royalties paid, is not a penalty, and shall be exclusive. The limitations in this Agreement shall apply despite any failure of essential purpose of any limited warranty or remedy.
- 8.5** Notwithstanding the foregoing, these limitations shall not apply to the extent restricted or prevented by mandatory applicable law that cannot be amended or excluded by contractual waiver such as deliberate acts and fraud. .

ARTICLE 9. TERM AND TERMINATION

- 9.1** Term. Unless sooner terminated in accordance with its provisions under this Article 5, the Term of this Agreement shall commence on the Effective Date and continue to be in effect until December 31, 2025.
- 9.2** Renewal: Upon expiration, this Agreement shall be automatically renewed for successive five (5) year terms, unless a party provides to the other party a notice of non-renewal not later than one (1) months prior expiration of the Agreement. Renewal may be conditioned upon compliance with any reasonable amendments or changes to the terms and conditions of this Agreement as communicated by the HESP Alliance, including but not limited to, market conditions or changes in technological environment. The HESP Alliance shall inform the Licensee of the renewal not later than two (2) months prior expiration of the Agreement.

9.3 Termination for cause. This Agreement may only be terminated, in whole or in part, for cause as defined hereafter upon a thirty (30) days signed notice with a registered letter subject to the following conditions:

By either party:

- a. Default. If a party is in default of any obligation causing a serious and material breach under this Agreement, the non-defaulting party may give written notice of such default to that party. After notice is provided, the party in default shall have sixty (60) days to cure any defaults. If such default is not cured within such period, the parties shall discuss amicably further solutions within additional sixty (60) days using available mediation proceedings as agreed by the parties. In case parties are not able to settle or overcome such default, the non-defaulting party shall have the option to terminate this Agreement.
- b. Insolvency. This Agreement may be terminated by a party if the other party is at any time placed into bankruptcy, goes into voluntary dissolution, has a receiver appointed, or makes any general assignment for the benefit of creditors, or admits of a general inability to pay its debts as they become due.

By the HESP Alliance:

- c. Reports: Within thirty (30) days after written notice from the HESP Alliance of Licensee's failure during the term of this Agreement to pay the HESP Royalties overdue and/or provide reports as required by this Agreement.
- d. Performance: Upon any failure by Licensee to provide, within thirty (30) days after written notice from the HESP Alliance, satisfactory and adequate assurances that Licensee is able and willing to fully and effectively perform its obligations under this Agreement.
- e. Infringement: If the Licensee infringes an Intellectual Property Rights of a Member of the Alliance without any effort to gain a license for it or to settle otherwise such dispute.
- f. Audit: A failure of the Licensee to maintain adequate books and records or to permit an audit in accordance with this Agreement.
- g. Lawsuit: The Licensee has brought a lawsuit or other proceeding for infringement against the HESP Alliance or its Members with regards to any Intellectual Property Rights included in the HESP Standard.

9.4 Effect of Termination. A termination for cause under this Agreement shall be subject to the following conditions:

- a. Payments Upon Termination or Expiration: Within thirty (30) days after the effective date of termination or expiration of this Agreement, Licensee shall pay the HESP Alliance any and all amounts and HESP Royalties that are due pursuant to this Agreement as of the effective date of such termination or expiration.
- b. Transition Period: Upon expiration or termination of this Agreement, Licensee shall ensure that the use of HESP Standard by the End User will discontinue within a period of six (6) months after such expiration or termination with respect to all the HESP Solutions (Transition Period).
- c. No Release: Any termination of this Agreement shall not (a) release either party from any claim of the other party incurred prior to the termination; (b) affect in any way any rights and immunities made available prior to the termination; or (c) release Licensee from its obligations to pay HESP Royalties incurred up to the date of termination, or if applicable, incurred during the Transition Period.

9.5 Expiration of the Agreement. Expiration of this Agreement has the same effect as a termination of this Agreement.

9.6 Survival. Termination of the Agreement for any reason will not affect accrued rights, indemnities, existing commitments until fulfilment or any contractual provision that by their nature are intended to survive termination, including but not limited to Section 1 (Application), 3 (License), 9 (Term and Termination), 8 (Limitation of Liability), 10.1 (Confidentiality), 10.3 (Assignment), 10.9 (Applicable Law).

ARTICLE 10. MISCELLANEOUS

10.1 Confidentiality. Except when disclosure is required by law or in response to an order of a court, government or government body, all knowledge and/or information transmitted between the Licensee and the HESP Alliance which is designated as confidential at the time of disclosure, shall at all times

and for all purposes be regarded as confidential and held confidential by the receiving party and disclosed only to such persons who have a "need to know" such information and who is subject to appropriate confidential obligations, and shall not be disclosed, directly or indirectly, to any other party without the prior written consent of the disclosing party providing such information. The restrictions of this section shall not apply to information which (i) is available from public sources at any time before or after it is disclosed except if such information has become publicly available by a breach of this section; (ii) is released for disclosure by written consent of the Licensee; or (iii) is necessary to disclose to establish rights under this Agreement (iv) has been received by the receiving party without a breach of or being subject to confidential obligations (vi) was developed independently by the receiving party without using any of the information of the disclosing party. The confidential obligations shall remain for a period of five (5) years after the expiry of the Agreement. For trade secrets and for information not being deleted or returned by the receiving party, the confidentiality obligations remain in effect as long as such information exist.

- 10.2** Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their permitted successors and assigns. Either party shall provide thirty (30) days' written notice prior any assignment to a successor, in case of change of control, merger or similar circumstances. Unless otherwise agreed, Licensee shall remain fully responsible for all unpaid HESP Royalties due under this Agreement to the extent such royalties have not been paid the successor.
- 10.3** Notices. Any and all notices to be given under this Agreement by either party to the other may be affected by personal delivery in writing, by facsimile, or by mail, registered or certified, postage prepaid with return receipt requested. Notices delivered personally or by facsimile shall be deemed given as of actual receipt and mailed notices shall be deemed given as of three (3) days after mailing.
- 10.4** Third Party. Either party shall promptly inform the other party if is subject to litigation or legal actions with any third party related to the HESP Standard and or the HESP Solution. Unless otherwise explicitly agreed, nothing in this Agreement shall be construed to give rise to any obligation on either party hereto for the benefit of a third party.
- 10.5** Severability. If any provision of this Agreement shall be held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, that provision shall be deleted, and the remainder of this Agreement shall remain in full force and effect. If anyone or more of the provisions contained in this Agreement shall, for any reason, be held to be excessively broad as to duration, geographical scope, activity, or subject, then it shall be construed by limiting and reducing it so as to be enforceable to the extent compatible with the applicable law as it then appears.
- 10.6** Waiver. Waiver of any breach of this Agreement by either party shall be ineffective unless in writing signed by the party waiving compliance and shall not be considered a waiver of any other breach. All remedies provided for in this Agreement shall be cumulative and in addition to, and not in lieu of, any other remedies available to either party at law, in equity or otherwise.
- 10.7** Entire Agreement. This Agreement constitutes the complete and exclusive statement of the agreement between the Parties with regards to the right to use the HESP Standard in accordance with this Agreement. This Agreement may be modified only by a writing signed by the Parties.
- 10.8** No Agency. The parties are independent contractors and nothing in this Agreement shall be construed to create an agency, joint venture, partnership, or other form of business association between the parties.
- 10.9** Applicable Law. All disputes and claims arising out of or in connection with this Agreement shall be governed by Belgian law and finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules, provided that parties have used and exhausted all reasonable efforts in good faith to settle the disputes and claims prior to such arbitration proceedings through talks and thorough negotiations attended by a member of the higher management of each party. The language of the proceedings and documents shall be English. All related proceedings, hearings, documents and the arbitration award shall be confidential. The seat of Arbitration shall be Brussels.
- 10.10** Force Majeure. Neither party hereto shall be liable for failures and delays in performance due to strikes, lockouts, fires, acts of God or the public enemy, riots, epidemics, pandemics, incendiaries, interference by civil or military authorities, compliance with the laws of various states/countries, or with the orders of any governmental authorities, delays in transit or delivery on the part of transportation companies, failures of communication facilities, or any failure of sources of material.



10.11 English Language. This Agreement and all documents relating thereto will be written in the English language. All notices, requests, demands and other communications pursuant to this Agreement shall be written in the English language.

10.12 Headings. The headings in this Agreement are for purposes of reference only and shall not be construed a part of this Agreement.

10.13 Interpretation. This Agreement shall be interpreted as written and negotiated jointly by the parties. It shall not be strictly construed against either party, regardless of the actual drafter of the Agreement.

FOR AND ON BEHALF OF LICENSEE

FOR AND ON BEHALF OF HESP ALLIANCE

Authorized Signatory

Authorized Signatory

Name:

Name:

Title:

Title:

Date:

Date:

ANNEX 1: HESP ROYALTIES

1. **HESP Royalties.** The Licensee shall pay to the HESP Alliance the HESP Royalties on sales of HESP Solutions by the Licensee to the End User in accordance with the following schedule:

HESP Royalties	HESP Solutions				
	HESP Server	HESP Client			
		Non-commercial use	Usage volume (per hour per End User)	User subscription (per End User per year)	Devices sold (for device manufacturers)
Rate	Free of charge	Free of charge	\$0.00015	\$0.025	\$0.25
Annual Cap				\$2.5M	\$25M

HESP Solution: A HESP Solution may be an HESP Server or HESP Client in whatever form or implementation. An HESP Solution includes only the software and/or hardware that is substantially in accordance with the HESP Standard and excludes any other portion or segment of a product that is not substantially in accordance with the HESP Standard.

HESP Server: HESP Solution capable of initiating video streams in accordance with the HESP Standard. This may include an encoder, packager, origin server, or similar solutions.

HESP Client: HESP Solution capable of accessing or playing video streams in accordance with the HESP Standard. The HESP Solution can be software or a hardware. A hardware device may include, but is not limited to, a mobile phone, tablet, television, set-top box, computer, digital/personal video recorder, optical disc player or recorder, game console or similar solutions.

Non-Commercial Use: Academic research or educational use which is a) not-for-profit; and b) not conducted or funded by an entity engaged in the commercial use or exploitation of the HESP Standard.

Usage Volume: HESP Royalties are calculated per hour of video streams in accordance with the HESP Standard multiplied by the number of End Users.

User Subscription: HESP Royalties are calculated as an annual fee per End User based on a software or service-related subscription.

Devices Sold: HESP Royalties are calculated per hardware device sold by the Licensee who is a hardware device manufacturer which implements the HESP Standard into a hardware device native player as HESP Solution branded by the Licensee.

Annual Cap: The HESP Royalty to be paid by the Licensee to the HESP Alliance shall not exceed the Annual Cap in a calendar year.

2. **Payment.** Unless specifically provided otherwise, Licensee shall pay to the HESP Alliance the HESP Royalties within thirty (30) days upon receipt of an invoice after the end of each calendar quarter. Payments shall be made by wire transfer to an account designated in writing by the HESP Alliance.
3. **Own Expenses.** Unless otherwise provided herein, each Patent Holder shall bear its own expenses incurred in performance of this Agreement.
4. **Amendments.** The HESP Royalties may be amended by the HESP Alliance Board of Directors in accordance with the Bylaws. HESP Alliance may make such changes subject to the locally applicable governmental income or consumer price index rate. Changes to the HESP Royalty scheme shall be effective for the future starting from the first of January of the following calendar year. In case the HESP Royalties increase by more than 5 % per year, Licensee shall have the right to terminate this Agreement without any liabilities for the parties subject to Section 9.4 to 9.6 of this Agreement. In no event shall the HESP Royalties be subject to a total increase by more than twenty percent (20%) during each Term of the Agreement.