

TERMS & CONDITIONS:

In the event of a conflict between the Terms & Conditions of this Proposal and the terms of an existing, active Master Services Agreement (MSA) between the Parties, the terms of the MSA will prevail unless otherwise specified in the executed Proposal.

- 1. Work to be performed:** A description of the services to be performed by Argonaut under these terms and conditions is described in the attached proposal ("Quotation"), including expiration date. These services may be modified by written agreement between the Parties.
- 2. Payment:** Client agrees to pay a noncancellable, nonrefundable upfront deposit as specified in the mutually agreed upon Contract/Proposal/Quote at the time the parties execute said Contract/Proposal/Quote. Argonaut will issue a deposit invoice within three (3) business days of contract execution. Deposit shall be held as "First-in, Last-out" funds*. Client agrees to issue a purchase order referencing the quotation number, and a billing/accounts payable contact.
- 3. Taxes and Other Charges:** Any use tax, sales tax, excise tax, duty, custom, inspection or testing fee, or any other tax, fee or charge of any nature whatsoever imposed by any governmental authority, on or measured by the transaction between Argonaut and Client shall be paid by Client in addition to the price quoted or invoiced. In the event Argonaut is required to pay any such tax, fee or charge, Client shall reimburse Argonaut therefor within fifteen (15) business days.
- 4. Amendments and Changes:** Any amendments to this Agreement must be in writing and signed by authorized representatives of the Parties. No changes to a Sales Order (SO) shall be accepted within the first 90 (ninety) days from the Scheduled Shipment Date or Requested Date, whichever is sooner. Client may reschedule one (1) time per Sales Order (SO), with a minimum of 61 (sixty-one) days advance written notice, not further than one (1) quarter into the future and shall incur a Change fee as shown in the table below. Client shall be responsible for the cost as provided by Argonaut for all materials at risk of expiration due to schedule change. In the event that such Client-requested schedule changes lead to expired or obsolete inventory, client agrees to pay Argonaut the full amount as specified in the Quotation regardless of inventories' expired or obsolete status.

Days Prior Written Notice to Argonaut	Change fee (based on Purchase Price of Changed portion)
> 90	No fee
61 – 90	50%
< 61	100%

- 5. Allowable Variation in Quantity:** Client understands and accepts that per batch yield variance of up to 10% (increase OR decrease) is possible and Client agrees to accept and pay for such increases at the same per unit price without a change order or change to purchase order. Client agrees to ensure all POs authorize +/- 10% variance. For batches where yield is lower than anticipated, Client agrees to pay full batch price regardless of yield with the understanding that Argonaut may only charge up to 90% of the batch yield (i.e., Argonaut may not exceed the 10% less threshold). Anything below 90% will be refunded the per unit price difference and Argonaut will only charge the full price minus the value associated below 90%.
- 6. Cancellations:** In the event of cancellation by Client, Client shall notify Argonaut in writing and must sign a change order for the cancellation to take effect. The cancellation will not be effective until the date of the signed cancellation change order request. Client agrees to reimburse Argonaut for all wind-down costs, costs of materials and supplies with respect to the Production that were ordered prior to termination and are not cancelable or returnable, and any restocking (including Argonaut's restocking costs) and shipping costs for those materials or supplies that are returnable; all work-in-process with respect to Client Product commenced by Argonaut; and all completed Client Product (at the Purchase Price). In the event Client withholds or delays materials and such delay(s) or withholding(s) impede Argonaut's ability to meet production agreements, this will be considered a Cancellation. All Cancellations shall incur Cancellation Fees, based on the portion of the Production that was Cancelled, as follows:

Days Prior Written Notice to Argonaut	Cancellation fee (based on Purchase Price of Cancelled portion)
> 90	No fee
61 – 90	50%
< 61	100%

- 7. Shipment:** All domestic shipments shall be FOB origin and all international shipments shall be FCA. Client agrees to pay shipping and handling charges.
- 8. Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles thereof.
- 9. Severability:** In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, shall be invalid or unenforceable.
- 10. Invention ownership and rights:** Ownership to any invention, whether or not patentable, conceived in the course of this service will vest in Client. Notwithstanding the foregoing, Client agrees that Argonaut's core technologies and know-how shall remain the sole property of Argonaut. In the event that the Products provided by Argonaut pursuant to this Agreement are exclusively supplied by Argonaut only to Client, Client is and shall be the sole owner of all intellectual property rights, designs, drawings, formulas or other data, photographs, samples, literature, sales and promotional aids of every kind relating to the Products and the Specifications. The Parties hereby agree that any improvements or other inventions relating in any way to the Products or Specifications, which are developed by Argonaut in connection with its performance under this Agreement, shall be deemed works made for hire and shall be owned exclusively by Client. Argonaut shall execute any assignment or other documents reasonably requested by Client to evidence Client's rights in any such improvements or inventions.
- 11. Hold harmless:** Each Party agrees to indemnify, hold harmless, and defend the other party and its respective affiliates, trustees, officers, employees, students, and/or agents against any liability, damage, loss or expense (including reasonable attorney's fees and costs of litigation) arising from any and all claims for death, illness, personal injury, property damage, or improper business practices arising out of the use of confidential information or proprietary materials transferred to it pursuant to this service.
- 12. Errors and Omissions:** Client agrees to secure at its own cost and expense errors and omissions insurance, or similar forms of insurance, which Argonaut determines to be satisfactory to protect against foreseeable risks, errors and omissions in receiving the contracted services. Client agrees to pay associated premiums monthly or quarterly as required by Argonaut.
- 13. Notices:** Any notices required to be given or which may be given under these terms and conditions must be in writing and shall be delivered: (a) personally; (b) prepaid in registered or certified mail; or (c) by reputable private overnight mail courier service postage prepaid. The addresses to be used for all notices shall be as follows: Argonaut, Inc., ATTN: Client Services, 2841 Loker Ave. E, Carlsbad, CA 92010.
- 14. Independent parties:** For purposes of these terms and conditions, the Parties are independent contractors, and neither may be considered an agent or an employee of the other at any time or for any purpose. Neither Party shall enter into any agreement, incur any obligations on

behalf of the other Party, or commit the other Party in any manner without the prior written consent of the other Party. No joint venture, partnership, or like relationship is created between the Parties.

15. **Confidentiality/Ownership:** All information and materials disclosed by or on behalf of either Party to the other Party under this Agreement shall be the confidential information and property of the disclosing Party.
16. **Publication / Publicity:** Neither Party may make a press release announcing the execution of this service without the prior written consent of the other party. Each Party agrees to acknowledge the contributions of the other Party in all publications.
17. **Assignment:** Neither Party may assign or transfer any of their rights or responsibilities under these terms and conditions without the prior written consent of the non-assigning Party, which approval shall not be unreasonably withheld.
18. **Equal Opportunity:** Each party shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, gender, gender identity, sexual orientation, or national origin.
19. **Statutory Compliance:** Client shall comply with all applicable federal, state, and local laws and ordinances and all lawful orders, rules, and regulations hereunder, and the supplies, equipment, and services furnished by Argonaut under the Purchase Order shall comply with such laws and regulations.
20. **Entirety of agreement:** This document, together with all associated Quotations, constitutes the entire agreement between Argonaut and Client with respect to this project unless superseded by a current Master Services Agreement (MSA) executed by and between both parties.

* Under this method, the deposit will be applied to the final shipments under the related Quotation or contract.