These Terms of Service (the "**Agreement**") form a binding agreement between you (and, if applicable, the organization you represent, collectively, "**you**", "**your**" and the "**Customer**") and Berkeley Fermentation Science Inc., which has a registered office at 15555 E 14th Street Suite 525, San Leandro CA 94578 and does business as Berkeley Yeast ("**BFS**"), and describes and governs your rights and obligations in connection with Ordered Materials purchased from BFS. The Customer and BFS may each be referred to as a "**Party**" or may be referred to collectively as the "**Parties**." If you do not agree to this Agreement, you are not authorized to purchase or use Ordered Materials.

1) **Definitions**. As used in this Agreement, the following terms shall have the following meanings, and other terms may be defined throughout this Agreement.

(a) "**Alc Strains**" shall mean proprietary yeast strains engineered to produce beverages with an alcohol content of greater than 0.5% ABV.

(b) "**Bank**" shall mean storage of the Ordered Materials, or any progeny or derivatives derived therefrom for more than two weeks.

(c) "**Barrel**" or **"BBL"** shall mean a quantity equal to 31 gallons, however packaged or subdivided in any number of bottles, cans, kegs or other vessels of beer totaling 1 Barrel. For example, 2 kegs of 0.5 Barrels each shall be deemed one Barrel.

(d) "**Barrel-pitch**" shall mean a quantity of yeast intended to produce 1 Barrel of Product.

(e) "**Confidential Information**" shall have the meaning as defined herein below.

(f) "**Contract Manufacturer**" shall mean any contract brewer, co-manufacturer, contract manufacturer, co-packer, or other third-party contractor accessing, using, or handling Ordered Materials on behalf of or at the direction of a Customer.

(g) "**Defective**" or "**Defect**" shall mean that the Ordered Materials fail to meet BFS's written, published technical specifications for viability, purity, strain identity, or cell count.

(h) "**Dry Yeast**" shall mean any quantity of a proprietary yeast strain in active dry form, sold or provided by BFS.

(i) "**Liquid Yeast**" shall mean any quantity of a proprietary yeast strain in the form of liquid slurry or cream yeast, sold or provided by BFS.

(j) **"Non-Alc Strains"** shall mean proprietary yeast strains engineered to produce beverages with an alcohol content of less than 0.5% ABV.

(k) "**Ordered Materials**" shall mean any quantity of a proprietary yeast strain or other materials sold or provided by BFS, together with any progeny, derivative,

propagate, slurry, harvested culture, or other material derived from it, however produced.

(l) "**Patent Right**" shall mean any United States or foreign patent application that describes and claims an invention, or the equivalent of such application, including any division or continuation (including any continuation-in-part), or any Letters Patent or the equivalent thereof issuing thereon, or reissue, reexamination, or extension thereof.

(m) "**Product**" shall mean any beverage, the manufacture, use, or sale of which, in whole or in part: (a) is the result of fermentation by or with the Ordered Materials; (b) is based upon, uses, or otherwise exploits, in-whole or in-part, BFS's Confidential Information, and/or the Ordered Materials; and/or (c) absent a license granted hereunder would infringe, is covered by, or otherwise exploits, one or more Patent Right(s).

(n) "**Reporting Period**" shall mean each three-month period ending March 31, June 30, September 30 and December 31.

(o) "**Scale Threshold**" shall mean, with respect to any calendar year, Customer's production, directly or through any Contract Manufacturer, of either: (a) 5,000 Barrels or more of Product made with Alc Strains; or (b) any volume of Product made with Non-Alc Strains in excess of the intended pitchable volume, as defined by the specified Barrel-pitch. The thresholds in (a) and (b) shall be measured and applied separately.

2) **Purchase of Ordered Materials**. The Customer desires to purchase Ordered Materials from BFS. BFS supplies Ordered Materials in units of Barrel-pitch or grams or as otherwise described on the website, but other quantities may be possible upon request. Pursuant to this Agreement, the Customer shall only use the Ordered Materials for the purpose of: brewing and selling fermented beverages ("**Permitted Purpose**"). Upon acceptance of this Agreement, BFS will contact the Customer via electronic mail at an address specified by the Customer to confirm the Ordered Materials and desired properties.

(a) **License**. Subject to the terms of this Agreement, BFS hereby grants to Customer the following license: a royalty-bearing non-exclusive license, without the right to sublicense, to use the Ordered Materials, including freedom to operate under any Patent Rights covering the Ordered Materials, to make, use, and sell Products for the Permitted Purpose.

3) **Pricing and Payment**

(a) **Pricing**. The price of Ordered Materials is as set forth on the BFS website at the "**Pricing Page**".

(b) **Small Batches (excluding Non-Alc Strains)**. If Customer produces less than Scale Threshold, Customer will pay the purchase price described on the Pricing Page and no additional payment is due.

(c) **Production at Scale**. If Customer exceeds Scale Threshold, Customer shall fall into one of three categories:

(i) Customer is subject to volume limitations as described herein below and pays only the purchase price described on the Pricing Page (**"Large Pitchables"**).

(ii) Customer shall report and pay based on total Barrels produced at the end of each quarter ("**Pay As You Go**"). Rates are as set forth on the Pricing Page.

(iii) Customer shall report and pay based on forecasted production volume at the start of each quarter ("**Prepay and Save**"). Rates are as set forth on the Pricing Page.

(d) **Payment for Ordered Materials**. All orders require full payment at the time the order is placed, unless otherwise agreed in writing by BFS. All accepted payment methods, credit terms, and invoicing details are set forth on Exhibit A (BFS Payment Terms & Conditions), which is incorporated herein by reference.

4) **Reporting**

(a) **Notification of Scale Threshold**. Once a Customer reaches Scale Threshold, the Customer shall notify BFS by electronic mail.

(b) **Reporting for Customers on the Pay As You Go plan.** Within thirty (30) days after the end of each quarter, Customer shall deliver reports to BFS via email using the reporting template provided by BFS as it may be updated from time to time. Reports shall state the yeast strain(s), the brand(s) produced, and the amount of Product produced by Customer. If no Product was produced by Customer in any Reporting Period, the report shall so state.

(c) **Reporting for Customers on the Prepay and Save plan**. On or before the first business day of each quarter, Customer will send an estimated production volume for the quarter. At the end of each quarter, BFS and Customer will reconcile estimated production volume with actual production volume. Details are set forth on Exhibit A (BFS Payment Terms & Conditions), which is incorporated herein by reference.

(d) **Audit Rights**. Customer shall maintain complete and accurate records relating to the rights and obligations under this Agreement and any amounts payable to BFS in relation to this Agreement, which records shall contain sufficient information to permit BFS to confirm the accuracy of any payments and reports

delivered and compliance in all other respects with this Agreement. Customer shall retain and make available such records for at least three (3) years following the end of the calendar year to which they pertain. Such records shall be available to BFS upon at least fifteen (15) days' advance written notice, for inspection during normal business hours, to verify any reports and payments made and/or compliance in other respects under this Agreement. If any examination conducted by BFS pursuant to the provisions of this Section show an underreporting or underpayment, Customer will be invoiced for the difference.

5) **Acceptance and Defective Materials.**

(a) **Inspection.** Customer shall inspect the Ordered Materials promptly upon delivery and store them in accordance with BFS's published handling instructions.

(b) **Notice of Defect.** Customer must notify BFS of any claimed Defect by email to support@berkeleyyeast.com within seventy-two (72) hours after delivery. The notice must include the lot number, delivery date, a description of the issue, and photos where applicable. Customer shall keep a refrigerated sample of the affected lot until BFS resolves the claim.

(c) **Remedy.** If BFS confirms a Defect, BFS will, at its option, replace the Defective Ordered Materials or refund the purchase price paid for them. This is Customer's sole and exclusive remedy for Defective Ordered Materials.

(d) **Deemed Acceptance.** Ordered Materials are accepted, and all Defect claims are waived, on the earlier of (i) the end of the applicable notice period without notice from Customer, or (ii) Customer's use of the Ordered Materials.

(e) **Exclusions.** Ordered Materials are not Defective if the failure to meet specifications results from improper storage, handling, temperature exposure, contamination, or misuse after delivery. BFS makes no representation as to fermentation performance, attenuation, flavor, fermentation rate, or finished Product characteristics.

6) **Limitations and Restrictions**.

(a) Customer shall not Bank, modify, and/or distribute the Ordered Materials, or any progeny or derivatives derived therefrom (e.g., propagated yeast). Customer shall not transfer and/or sell the Ordered Materials to any third party without prior written consent from BFS. The foregoing notwithstanding, Customer may engage Contract Manufacturers to make Product on Customer's behalf using the Ordered Materials. Customer shall not reverse engineer or analyze the Ordered Materials, nor extract or isolate or determine the sequence of any nucleic acid of the Ordered Materials. Customer hereby agrees to keep the Ordered Materials secure and confidential and not permit any third party to access, inspect, or test

the Ordered Materials without prior consent from BFS. Customer will hold the Ordered Materials in its possession with the same degree of care as its own proprietary materials, but in no event shall that degree of care be less than what is customary in industry for the same type and quantity of materials. Neither this Agreement, nor delivery of the Ordered Materials, confers to the Customer any ownership rights or any other rights to the Ordered Materials, any progeny, derivative, or part thereof, other than the licensed right to use the Ordered Materials for the Permitted Purpose. Customer agrees to contain and inactivate yeast prior to disposal to ensure low releases from the manufacturing/production facility.

(b) Customers on the Large Pitchables plan are subject to volume limitations and are limited to producing up to 5 times the intended pitchable volume with Alc Strains and 1 times the intended pitchable volume with Non-Alc Strains.

(c) Customer may engage a Contract Manufacturer to make Product on Customer's behalf using the Ordered Materials, subject to the following:

i) Customer shall notify BFS in writing of the legal name and address of the Contract Manufacturer and the facility at which the Ordered Materials will be handled, before any Ordered Materials are shipped to or handled by that party, and shall notify BFS of any change.

ii) No Ordered Materials shall be shipped to or handled by a Contract Manufacturer until that party has executed BFS's Co-Manufacturer Accession Agreement and the applicable Schedule A.

iii) Customer shall report and pay on all volumes of Product produced by a Contract Manufacturer on Customer's behalf to the same extent as if produced by Customer, and the audit rights in Section 4(d) extend to records of that production.

iv) Customer remains fully responsible for any act or omission of a Contract Manufacturer in the course of producing Customer's Product, and any such act or omission that would constitute a breach of this Agreement if committed by Customer is deemed a direct breach by Customer.

(d) Ordered Materials are provided for access and use only by persons located in the United States. Customer acknowledges that it may not use, export, re-export, or transfer Ordered Materials outside of the United States. By ordering or using the Ordered Materials, Customer represents and warrants that Customer is located in the United States and will comply with all applicable U.S. export control laws and regulations. BFS reserves the right to restrict delivery or block access to Ordered Materials from locations outside of the United States.

7) **Confidentiality**.

(a) It is anticipated that in the performance of this Agreement each Party (as applicable, each a "**Discloser**") is likely to disclose to the other Party (as applicable, each a "**Recipient**") certain information that the Discloser considers valuable, proprietary, and confidential.

(b) "**Confidential Information**" shall mean any information, including but not limited to data, techniques, protocols or results, or business, financial, commercial or technical information, disclosed by Discloser to Recipient which is reasonably necessary for performance under this Agreement and is identified as confidential at the time of disclosure, or as would otherwise be recognizable to a reasonable person as confidential under similar circumstances in a commercial transaction. The Parties acknowledge and agree that all non-public information about the Ordered Materials, such as the nucleic acid sequence of the Ordered Materials, are BFS's Confidential Information. Confidential Information shall not include any information to the extent (i) it is or becomes publicly available through no wrongful act of Recipient; (ii) it was known by Recipient prior to disclosure by Discloser, as evidenced by tangible records; (iii) it becomes known to Recipient after disclosure from a third party having a bona fide right to disclose it; or (iv) it is independently developed or discovered by Recipient without use of Discloser's Confidential Information, as evidenced by tangible records. The obligations of confidentiality and non-use set forth herein shall not apply with respect to any information that Recipient is required to disclose by applicable law, court order, or other valid legal process provided Recipient promptly notifies Discloser prior to such required disclosure, discloses such information only to the extent so required, and cooperates reasonably with Discloser's efforts to contest or limit the scope of such disclosure.

(c) Each Recipient agrees that: (i) it will not use the Discloser's Confidential Information for any purpose other than as specified herein, including without limitation for its own benefit or the benefit of any other person or entity; and (ii) it will use reasonable efforts (but no less than the efforts used to protect its own confidential and/or proprietary information of a similar nature) not to disclose such Confidential Information to any other person or entity except as expressly permitted hereunder.

8) **Liability; Assumption of Liability**. Upon delivery of Ordered Materials to the Customer, the Customer assumes all liability for damages, losses, costs, and expenses that may arise whether direct or indirect, consequential or incidental, as a direct or indirect result or consequence from use, storage, disposal, or application of the Ordered Materials.

9) **Indemnification**. Customer shall defend, indemnify and hold BFS and its affiliates and each of their respective directors, officers, employees, and agents, and their respective successors, heirs and assigns, harmless from and against any claim, demand, action, subpoena, request or attestation brought by a third party (collectively, a "**Claim**"), and all

out-of-pocket damages, awards, liabilities, settlements, costs and expenses, including reasonable attorneys' fees and other legal expenses, in each case, that are paid or payable to third parties pursuant to such claim (collectively, "**Costs**"), to the extent such claim arises from (a) any bodily injury to persons or damage to tangible property caused by the negligence or the willful misconduct of any of its respective directors, officers, employees, and agents solely in respect of the Ordered Materials and equipment related thereto (b) Customer's manufacture, sale, distribution of the Products.

10) **Limitation of Liability**. In no event shall BFS or any of its affiliates or any of their respective directors, officers, employees, or agent be liable to Customer or any of its affiliates for any special, indirect, incidental, punitive, or consequential damages of any kind arising in any way out of this Agreement, the use of the Ordered Materials, or any license hereunder—however caused and on any theory of liability—including without limitation lost profits, lost sales, loss of goodwill, ingredient or raw material costs, ruined or spoiled batch costs, product recall or disposal costs, labor or facility downtime costs, injury to property, or third-party claims, regardless of whether BFS was advised or had reason to know of the possibility of such damages. Customer hereby releases, indemnifies, and holds harmless BFS from all such damages. The Customer agrees and hereby acknowledges that BFS's total cumulative liability under this Agreement shall be limited strictly to a refund or replacement for Defective Ordered Materials, and in no event shall BFS's total liability exceed the payment received by BFS for the specific Ordered Materials provided hereunder.

11) **Unauthorized Use; Damages.**

(a) Unreported or Excess Production. If Customer, directly or through any Contract Manufacturer, produces Product that is not reported as required under Section 4, or produces Product in excess of the volume limitations in Section 6, Customer shall pay BFS, for each such Barrel, a license fee equal to two (2) times the then-current Pay As You Go rate on the Pricing Page. Where such production does not involve a Restricted Act, the payments in this Section are BFS's sole monetary remedy for that production.

(b) Restricted Acts. Customer shall be liable for all damages, losses, costs, and expenses, including reasonable attorneys' fees, arising from any of the following (each, a "**Restricted Act**"): (i) Banking, modifying, or distributing the Ordered Materials; (ii) transferring or selling Ordered Materials to any third party without BFS's prior written consent; (iii) reverse engineering, analyzing, or sequencing the Ordered Materials; (iv) permitting any unauthorized third party to access, inspect, or test the Ordered Materials; (v) using, exporting, re-exporting, or transferring Ordered Materials outside the United States; or (vi) breaching Section 7 (Confidentiality). Because the harm from a Restricted Act bears no relationship to the amounts Customer has paid for Ordered Materials, Customer's liability under this Section shall not be limited by reference to amounts paid or payable under this Agreement.

(c) Equitable Relief. Nothing in this Section limits BFS's right to seek injunctive or other equitable relief, including to stop ongoing unreported production.

12) **DISCLAIMER**. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BFS PROVIDES THE ORDERED MATERIALS TO YOU ON AN "AS IS" BASIS, WITHOUT WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR PARTICULAR PURPOSE, WHETHER ALLEGED TO ARISE BY LAW, BY USAGE IN THE TRADE, BY COURSE OF DEALING OR COURSE OF PERFORMANCE.

13) **Ownership and Intellectual Property**. BFS owns, and shall own and retain, any and all intellectual property related to the Ordered Materials. Customer agrees that it obtains no intellectual property rights under this Agreement other than the limited license explicitly set forth in Section 2.

14) **Notices**. Notices to Customer shall be sent by electronic mail, and will be sent to the electronic mail address as provided to BFS. Notices to BFS shall be sent by electronic mail to support@berkeleyyeast.com, such notice shall be effective upon confirmation of receipt of the electronic mail by BFS.

15) **Duration and Termination**. This Agreement will be effective and binding upon the Customer and BFS until either Party provides written notice of termination to the other party. Termination of this Agreement will not relieve either party of obligations relating to Ordered Materials purchased prior to such termination. Even after such time as this Agreement is terminated, the provisions of Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, or any other provision that by the nature of its content are intended to survive termination, will continue to bind the Customer and BFS with respect to the Ordered Materials and this transaction.

16) **Dispute Resolution; Binding Arbitration**. In the event of any dispute, claim, or controversy arising out of or relating to this Agreement, the Parties shall first attempt in good faith to resolve the dispute by negotiation for a period of at least thirty (30) days. If the dispute is not resolved through negotiation, it will be settled by binding arbitration administered by the American Arbitration Association ("**AAA**") in accordance with its Commercial Arbitration Rules. The arbitration shall be conducted by a single arbitrator appointed in accordance with AAA rules. The arbitration shall take place in Alameda County, California, unless the Parties agree otherwise. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Notwithstanding the foregoing, the following shall not be subject to the negotiation or arbitration requirements of this Section: (a) any dispute concerning invoices, payments, late charges, or collection of amounts owed under this Agreement or Exhibit A ("Payment Disputes"), which shall be resolved as set forth in Exhibit A, including in the state or federal courts located in Alameda County, California; and (b) any action by either Party seeking temporary, preliminary, or permanent injunctive or other equitable relief to protect its intellectual property, Confidential Information, or the Ordered Materials, which may be brought in any court of competent jurisdiction.

17) **Changes to this Agreement**. BFS reserves the right to modify or update this Agreement at any time by posting the revised version on our website. Revised terms become effective immediately upon posting. By placing an order, checking an agreement box, or making a purchase for Ordered Materials, Customer agrees to be bound by the version of this Agreement in effect at the time of purchase. Customer is responsible for reviewing the current Agreement prior to making any purchase.

18) **Miscellaneous**. Customer may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of BFS. This Agreement is freely assignable and transferable by BFS. This Agreement shall be construed in accordance with the laws of the state of California, irrespective of any choice of law principles that would propose or require the application of the law of another jurisdiction. If any provision of this Agreement shall become or be declared illegal, invalid, or otherwise unenforceable under the laws of any jurisdiction for any reason whatsoever, it shall be divisible from this Agreement and will be deleted, or if permitted by the jurisdiction, such provision shall be modified to the least extent necessary to make the provision valid and binding consistent with the spirit and intent of the provision as originally drafted. If any such deletion substantially affects or alters the commercial basis of this Agreement, the Parties shall negotiate in good faith to amend and modify this Agreement as may be necessary or desirable in the circumstances, and the legality, validity or enforceability of any other provision of this Agreement will in no way be affected or impaired thereby. This Agreement constitutes the entire agreement between the Parties and supersedes and terminates any prior Terms of Service. The terms of this Agreement shall govern all transactions between the Parties, and no purchase order, vendor packet, credit application, or other customer form will modify or override these terms, even if acknowledged or processed by BFS, unless such modification is explicitly signed by an authorized officer of BFS. No failure or delay by BFS in exercising any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power, or privilege under this Agreement. The Customer should print a copy of this Agreement for their records and understands they will not receive a copy from BFS. Once the Customer agrees to this Agreement as indicated at the bottom of this Agreement, this Agreement will constitute a legal binding instrument.

## Exhibit A

## BFS Payment Terms & Conditions

### 1. Scope & Applicability

(a) These Payment Terms and Conditions ("**Terms**") apply to all quotes, goods, and services provided by Berkeley Fermentation Science Inc., which does business as Berkeley Yeast ("**BFS**"), to the customer (**"Customer"**). Customer acceptance of a quote, invoice, or commencement of work constitutes acceptance of these terms. These Terms control over any conflicting or additional terms in any Customer purchase order, vendor portal, or other Customer document, and such terms are rejected unless expressly agreed to in writing by an authorized representative of the BFS. BFS may update these Terms at any

time by posting the revised version on our website. Revised terms become effective immediately upon posting.

(b) Good Standing: A Customer's account is in "Good Standing" when (a) no invoice is more than 15 days past its due date, and (b) within the preceding 12 months, the Customer has not had any invoice more than 60 days past due, had a payment returned or declined, or had its account referred to collections.

**2. Invoicing & Payment Schedules**

(a) Standard Terms: All new Customer accounts are set to **Cash With Order**, meaning payment is due at the time of order.

(b) Credit Terms: Customers wishing to request Net 30 Days terms must complete and submit a Credit Application for review. Net 30 terms, meaning payment is due 30 calendar days from the invoice date, are granted at the sole discretion of BFS, subject to credit approval.

(c) Revocation of Credit Terms: To maintain Net 30 terms, the Customer's account must remain in Good Standing. BFS may revoke credit terms and revert the account to Due Upon Receipt or prepayment terms at any time, with or without notice, if the account ceases to be in Good Standing.

(d) Purchase Orders (POs): If the Customer requires a PO number to process payments, it is the Customer's sole responsibility to provide the valid PO number prior to invoice generation. Failure by the Customer to issue or provide a PO number shall not invalidate the invoice, extend payment terms, or prevent the application of late fees or fulfillment holds.

(e) Accepted Payment Methods: Payments must be made in U.S. dollars via ACH transfer, wire transfer, direct deposit, company check, or approved credit cards. Customer is responsible for all bank, wire, and currency conversion fees, so that BFS receives the full invoiced amount.

(f) Invoicing for Customers on the Pay As You Go plan: BFS will invoice Customer based on the reported number of Barrels produced and the rate as specified on the Pricing Page.

(g) Invoicing and Reconciliation for Customers on the Prepay and Save plan: BFS will invoice Customer based on the estimated production volume and the rate as specified on the Pricing Page. At the end of each quarter, BFS and Customer will reconcile estimated production volume with actual production volume. If the estimated volume is less than the actual volume, Customer will be invoiced for the difference. If the estimated volume is greater than the actual volume, the cash overpayment (the actual dollar amount paid in excess) will be subtracted from the invoice for the following quarter. Such cash overpayments will not expire.

(h) Prepay and Save Loyalty Credits: Payments made under the Prepay and Save plan are payments for licensing fees and are fully earned by BFS upon issuance of the invoice for estimated production volume at the start of the license period. As a loyalty benefit, and without additional charge, BFS will issue Customers on the Prepay and Save plan promotional credits ("Loyalty Credits") redeemable toward purchases of the eligible BFS products and services listed below ("Eligible Products"). Eligible Products do not include license fees, and Loyalty Credits may not be applied to any license fee, royalty, or other licensing charge. Loyalty Credits are limited to $2,500 per calendar quarter.

Loyalty Credits are a promotional benefit only. They are not a deposit, prepayment, or stored value; have no cash value; are not redeemable for cash or refundable; and are not transferable. Loyalty Credits expire one (1) year after issuance. Loyalty Credits are forfeited if Customer's participation in the plan ends or if any related license payment is refunded or reversed.

Loyalty Credits may be applied toward the following Eligible Products:

- Liquid Yeast: Credits may cover up to 100% of the purchase price.
- Dry Yeast: Credits may cover up to 50% of the purchase price.

During quarterly reconciliation, in the case that the Customer overestimated volume, (i) the cash overpayment will be subtracted from the invoice for the following quarter; (ii) any excess credit will be subtracted from the credit for the following quarter, even if already applied; and (iii) unused credit will rollover.

**3. Late Payments & Administrative Fees**

(a) Grace Period: A 15-calendar-day grace period is extended past the invoice due date.

(b) Late Charges: If any invoice remains unpaid after the grace period, the unpaid balance will accrue a late charge equal to the greater of (a) 1.5% per month (18% per year) or (b) $25.00 per month, calculated from the original invoice due date until paid in full. Late charges do not compound. In no event will late charges exceed the maximum amount permitted by applicable law, and any amount charged in excess of that limit will be credited to the Customer's account.

(c) Collection Costs: Customer agrees to pay all reasonable costs BFS incurs to collect past-due amounts, including collection agency fees, court costs, and reasonable attorneys' fees.

(d) Quarterly Licensing Reports: Where the Customer is party to a license agreement with BFS, quarterly licensing reports are due no later than 20 days following the end of each calendar quarter, unless the license agreement specifies otherwise. If a report is not received by that date, BFS may invoice the Customer an estimated amount equal to the amount reported for the most recent quarter for which a report was received. If no prior report exists, the estimate will be a reasonable estimate based on the Customer's previous licensing amount. Estimated invoices are subject to these Terms, including the

late charge provisions. Once the actual report is received, BFS will issue a credit or supplemental invoice for any difference. If this section conflicts with the license agreement, the license agreement controls.

**4. Account Suspension & Remedies.** Order Fulfillment Hold: If a Customer's account is not in Good Standing, BFS may, without liability, suspend or cancel pending orders, shipments, services, and work in progress. BFS will not accept new orders until all past-due amounts, including late charges, are paid in full.

**5. Invoice Disputes & Queries.** Customer must notify BFS in writing of any billing errors or disputed items within 30 business days of the invoice date, identifying the invoice number, the disputed amount, and the reason for the dispute. Invoices not disputed within that period are deemed accepted. Customer must pay all undisputed amounts by the original due date. Late charges will not accrue on amounts disputed in good faith while the dispute is pending. If the dispute is resolved in BFS's favor, the disputed amount is due within 10 days of resolution, and late charges apply after that date.

**6. General Provisions**

(a) No Waiver: BFS's failure or delay in enforcing any provision of these Terms, including by accepting a late payment, does not waive its right to enforce that provision or any other provision later.

(b) Severability: If any provision of these Terms is found unenforceable, it will be enforced to the maximum extent permitted, and the remaining provisions will remain in full effect.

(c) Governing Law & Venue: These Terms are governed by the laws of the State of California. Any Payment Dispute will be resolved exclusively in the state or federal courts located in Alameda County, California.

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