

## TERMS AND CONDITIONS (2015)

By accepting a quote, the client accepts the following Terms and Conditions. These do not replace current general legal policies of commerce and trade.

1. We offer customized development, prototypes, products, processes, protocols, and testing services to our clients. The work will begin when a final quote has been approved and deposit (if applicable) is received.
2. A product or service in the relation between StemCell Systems (SCS) and the client is referred to a Specific Product or Specific Service, defined as follows. A specific development will be initiated by the client providing a request for a quote that includes technical information describing what Specific Product development SCS is requested to perform. This includes information on whether a de novo development, an enhancement, iteration, prototyping, production of devices or equipment, or development or enhancement of a process or a methodology is planned. These technical specifications define what SCS is expected to contribute and are the basis for a price quotation.
3. The documents a client provides for quotations will define in each case the state of the know-how, technical specifications and IP relevant information, that the client developed previously, are called the pre-Existing Technology. This documentation defines the intellectual property (IP) relevant claims of the client for the final Specific Product. In each individual case, SCS may waive against an individually to be defined fee whether for that Specific Product SCS can not offer own IP that was developed before, or is developed in parallel during the work on the Specific Project. With finalizing the order and the price for the service, the client may send a more detailed description of the pre-Existing Technology. After an order is placed, further modifications of this pre-Existing Technology information can only be defined with mutual consent in writing.
4. For custom work we need a lead time of typically 4-6 weeks from date of down payment. We try our best to deliver in time and we will discuss any potential delay in advance.
5. Expedited Work Fee. The client can opt in or out for rates for expedited project work, that includes after after-hour and weekend work times, for a surcharge of 20% on the quoted price.
6. The specifics of the product will be discussed in advance using quotations. Our clients need to be aware that specifics are realized to meet the client's specifications and that SCS will not be responsible to adapt to the regulations of entities such as CE-notified bodies or the FDA.
7. The quoted work is based on in-house design and engineering. Should exterior design or engineering effort be required, we can -with the written consent of the client- arrange collaboration with third-party firms. Additional hourly consulting and prototyping expenses may apply.
8. We use materials as quoted or specified by the client. Should biocompatibility or toxicity testing be desired, we can arrange for collaborations with third-party provider.
9. We are providing this quote and included information, materials, illustrations and technical documentation on a strictly confidential basis. We assume that the all materials given in quotes and during discussions about quotes will be kept strictly confidential by the client. We ask the client to obtain our informed consent should some of this material is planned to be used externally.
10. In case the products are protected by patent or otherwise, ordering and delivering prototypes or products is understood by all parties under obtaining from the client a free and non-transferable license for the purpose of producing the technology, methods, and SOPs, in the framework of the order. *Receiving this license does not mean that ownership of intellectual property is transferred.*
11. Confidentiality. (A) As part of the services SCS performs, client will provide SCS with Confidential Information. "Confidential Information" shall mean ALL information relating to client and/or its subsidiaries, regardless of whether it is written, oral, audio tapes, video tapes, video discs, computer discs,

designs, specifications, drawings, human or machine readable documents or materials. Confidential Information shall not include: a) such Information in the public domain at the time of the disclosure, or subsequently comes into public domain without SCS' fault; b) such information which SCS acquired after the time of disclosure from a third party who did not receive the information from SCS. (B) Use of Confidential Information, SCS agrees to: (i) receive and maintain the Confidential Information in confidence; (ii) not reproduce the Confidential Information or any part thereof without the express consent of client; (iii) Limit dissemination of the Confidential Information and disclosure to those business sources, affiliates and associates to those who have a need to know and an obligation to protect it; (iv) Not use the Confidential Information or any part thereof as a basis for the design or creation of any development plan similar to that embodied in the Confidential Information; (v) Not use the Confidential Information to unfairly compete or obtain an unfair advantage in any commercial activity, which may be comparable to the commercial activity contemplated in connection with client's use of SCS. (C) Return of Confidential Information: (y) All information provided by client shall remain the property of client. (z) SCS agrees to return all Confidential Information to client within 10 days of written demand by client.

12. Our work can be performed according to the ISO requirements of medical device developments that can go into FDA and/or CE regulatory procedures. On request, we work under a QMS that is GMP-like. It is not audited. On request, we can offer auditing of our QMS for R&D or production.
13. A design history file is generally not included in our work, except as specifically ordered. A design history file can be quoted on request.
14. The specific software or the CAD drawings in print format, we provide as a resulting from a Specific Project or Service, will be considered as a product. The source code will be exclusively owned by the client while we will claim no intellectual property. As the source code and basic CAD files, that are considered tools for our work, typically contain elements that were developed outside of a Specific Projects or Service and as such elements are typically part of software for deliveries for other customers not relating to the Specific Projects, SCS can not provide such basic files or source codes. While the specific source code and such files remain in ownership of SCS and will not be transferred to the client, we can use these only for production of a client's Specific products. Should the client be required to submit such files or source code to the FDA or another regulatory body, we will submit these directly and confidentially to the FDA, as separate direct communication between the FDA and SCS.
15. For payments we provide the following terms:
  - a. We require an initial deposit of 50% on orders greater than \$1000, with the remainder to be paid prior to delivery.
  - b. Our work is made to order and Orders may not be canceled nor deposits refunded due to delivery outside normal production schedules. Orders are not subject to changes or cancellation after 72 hours from time of accepting the quote. Deposits or down-payments are not refundable after this 72 hours period.
  - c. Invoicing of work that does not include prototypes is prepared when 90% of drawing work is performed and can be send via e mail, 100% of the work includes reasonable corrections of client on drawings post submission of 90% of the work within a time frame of 8 weeks.
  - d. Payments are due within 30 business days from the date of the invoice. Invoices that have not been paid within 45 business days of the invoice are subject to a 1.5% service charge per month.
16. Delivery and installation. Delivery dates are understood to have a +/- 3 business day delivery window. Delivery cannot be scheduled until payment terms have been fulfilled. Delivery fees for transported devices are to be determined and paid by client and must be arranged and paid with information to us 10 business days in advance. The client is responsible for enabling regular delivery of larger devices at his facility. We are not responsible for shipments that may not be deliverable by the carrier. We are not responsible for shipments lost or damaged by the carrier. Installation is not included in the quotes and will be billed separately. Shipping and handling costs are not otherwise included, and if incurred by us will be charged in addition to the quoted price.
17. These Terms and Conditions shall be governed by and construed solely and exclusively in accordance with and pursuant to the German laws without regard to the conflicts of laws principles thereof. By accepting the quote, the purchaser or client hereto hereby expressly and irrevocably agrees that any suit or proceeding arising

directly and/or indirectly pursuant to or under accepting a quote shall be brought solely in a court located in the City of Berlin, Germany. By accepting the quote, the client covenant and irrevocably submits to the in personam jurisdiction of the German courts and agrees that any process in any such action may be served upon any of them personally, or by certified mail or registered mail upon them or their agent, return receipt requested, with the same full force and effect as if personally served upon them in Berlin. The client hereto expressly and irrevocably waives any claim that any such jurisdiction is not a convenient forum for any such suit or proceeding and any defense or lack of in personam jurisdiction with respect thereto. In the event of any such action or proceeding, the party prevailing therein shall be entitled to payment from the other party hereto of all of its reasonable counsel fees and disbursements.

18. If any provision of these Terms and Conditions is held to be unenforceable under applicable law, such provision shall be excluded from these Terms and Conditions, and the balance hereof shall be interpreted as if such provision were so excluded.
19. These Terms and Conditions and any provision hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by StemCell Systems and the client.

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