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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report** (Date of earliest event reported): **December 8, 2025**

**Velo3D, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-39757**  
(Commission  
File Number)

**98-1556965**  
(IRS Employer  
Identification No.)

**2710 Lakeview Court,  
Fremont, California**  
(Address of principal executive offices)

**94538**  
(Zip Code)

**(408) 610-3915**  
Registrant's telephone number, including area code

**N/A**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
**Common stock, par value \$0.00001**

Trading Symbol(s)  
**VELO**

Name of each exchange on which registered  
**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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#### **Item 1.01 Entry into a Material Definitive Agreement.**

On December 8, 2025, Velo3D, Inc. (the “Company”) and Varilease Finance, Inc. (“Varilease”) entered into a Sale Leaseback Agreement (the “Sale Leaseback Agreement”) pursuant to which the Company agreed to sell to Varilease, and subject to the conditions set forth therein, Varilease agreed to purchase from the Company, assorted Velo3D Sapphire and Sapphire XC metal 3D printers and post processing tools and equipment owned and used by the Company (the “Equipment”). The aggregate purchase price for the Equipment to be received by the Company is \$10 million.

Concurrently with entering into the Sale Leaseback Agreement, the Company, its wholly owned subsidiary, Velo3D US, Inc., and Thieneman Construction, Inc. (“Thieneman Construction”), as co-lessees (collectively, the “Lessee”), entered into a Master Lease Agreement (the “Master Lease Agreement”), which sets forth the controlling terms and conditions by which the Lessee would lease from Varilease, as lessor, items of personal property and equipment. Thieneman Construction is an entity controlled by Kenneth Thieneman, a member of the board of directors of the Company. Concurrent with entry into the Sale Leaseback Agreement and the Master Lease Agreement, Varilease and the Lessee entered into lease Schedule No. 01 (the “Schedule”). The Schedule (which incorporates the terms of the Master Lease Agreement where appropriate) sets forth the terms and conditions pursuant to which Varilease would lease to the Company the Equipment to be purchased by Varilease from the Company pursuant to the Sale Leaseback Agreement. The Schedule provides for a 36-month base lease term and specifies the calculation for the base monthly rental amount for the Equipment during such term. During the lease term, all of the costs, expenses and liabilities associated with the Equipment are to be borne by the Company, and the Company is entitled to the unlimited use of the Equipment. Each of the Company, Velo3D US, Inc., and Thieneman Construction are jointly and severally liable for the performance of all obligations and bound to all terms and conditions under the Master Lease Agreement and Schedule, including, but not limited to, the payment of base monthly rental amount and any other amounts due under the Master Lease Agreement and Schedule.

At the completion of the base lease term provided in the Schedule, the Company will have, among other things, the option to either purchase the Equipment described in the Schedule for a price to be agreed upon by the Company and Varilease, or extend the lease term of the Schedule for a period of 12 months at the base monthly rental.

The Master Lease Agreement includes customary events of default, including non-payment by the Company of the monthly rental or other charges due under the Schedule. The Master Lease Agreement provides that in the event of the declaration by Varilease of a default, the Company would pay to Varilease, among other things, any unpaid amount due on or before the declaration of default plus liquidated damages equal to the Stipulated Loss Value of the Equipment. The Stipulated Loss Value of the Equipment is an amount equal to 110% of the Company’s original cost for such Equipment less 1.25% of such cost for each month elapsed during the lease term through the declaration of default.

In connection with the transactions described above, the Company also entered into Debt Subordination Agreements, dated as of December 8, 2025, with Varilease, Thieneman Properties, LLC and Thieneman Construction, pursuant to which Thieneman Properties, LLC (an entity also controlled by Mr. Thieneman) and Thieneman Construction agreed to subordinate their respective security interests in the Equipment to Varilease relating to outstanding promissory notes issued by the Company.

The foregoing descriptions of the Sale Leaseback Agreement, Master Lease Agreement, Schedule and the Debt Subordination Agreements do not purport to be complete and are qualified in their entirety by the full text of the Sale Leaseback Agreement, Master Lease Agreement, Schedule and the Form of Debt Subordination Agreement, copies of which are filed as Exhibits 10.1, 10.2, 10.3, and 10.4, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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**Item 2.01 Completion of Acquisition or Disposition of Assets**

The disclosures set forth in Item 1.01 of this Current Report on Form 8-K are incorporated into this Item 2.01 by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant**

The disclosures set forth in Item 1.01 of this Current Report on Form 8-K are incorporated into this Item 2.03 by reference.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On December 9, 2025, Hull Xu notified the Company of his resignation as Chief Financial Officer, effective December 31, 2025. The Company is working closely with Mr. Xu to ensure an orderly transition of responsibilities and to maintain continuity in our financial operations. Mr. Xu's resignation was not due to any disagreement with the Company on any matter related to the Company's operations, policies or practices. The Company thanks Mr. Xu for his contributions to the Company.

On December 11, 2025, the board of directors of the Company appointed Bernard Chung, the Company's controller, as Acting Chief Financial Officer and principal financial and accounting officer, effective December 31, 2025, pending the search for, and appointment of, a permanent Chief Financial Officer.

Bernard Chung, age 49, has served as the Company's controller since June 2025. From September 2023 to April 2024, Mr. Chung was the Company's Acting Chief Financial Officer. From September 2021 to September 2023, Mr. Chung served as the Vice President, Finance where Mr. Chung led the Company's accounting, finance and SEC reporting teams. Prior to the Company's business combination, from December 2020 to September 2021, Mr. Chung served as Vice President, Finance of Velo3D, Inc. (n/k/a Velo3D US, Inc.). From November 2018 to November 2020, Mr. Chung was the Corporate Controller at Textainer Group Holdings Limited ("Textainer"), a lessor of intermodal containers, where he was responsible for Textainer's financial and strategic operations. Before joining Textainer, Mr. Chung served as the Assistant Corporate Controller at Knight-Swift Transportation Holdings Inc., a truckload and logistics services carrier, from July 2014 to November 2018. Mr. Chung also previously served as a director and audit manager for KPMG LLP. Mr. Chung, a Certified Public Accountant, holds a B.A. in Economics from Northwestern University and matriculated his Accounting credits from Loyola University Chicago.

There are no arrangements or understandings between Mr. Chung and any other person pursuant to which he was appointed as Acting Chief Financial Officer and Mr. Chung does not have a direct or indirect material interest in any "related party" transaction required to be separately disclosed pursuant to Item 404(a) of Regulation S-K. Mr. Chung does not have any family relationships with any of the Company's directors or executive officers.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
10.1	<a href="#"><u>Sale Leaseback Agreement, dated as of December 8, 2025, by and among Velo3D, Inc., Velo3D US, Inc., and Varilease Finance, Inc.</u></a>
10.2	<a href="#"><u>Master Lease Agreement, dated as of December 8, 2025, by and among Velo3D, Inc., Velo3D US, Inc., Varilease Finance, Inc., and Thieneman Construction, Inc.</u></a>
10.3	<a href="#"><u>Schedule No. 1 to Master Lease Agreement, dated as of December 8, 2025, by and among Velo3D, Inc., Velo3D US, Inc., Varilease Finance, Inc., and Thieneman Construction, Inc.</u></a>
10.4	<a href="#"><u>Form of Debt Subordination Agreement</u></a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Velo3D, Inc.**

Date: December 12, 2025

By: /s/ Hull Xu

Chief Financial Officer

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2800 E. Cottonwood Parkway, 2<sup>nd</sup> Floor, Salt Lake City, UT 84121  
www.vfi.net | 801.733.8100

### SALE LEASEBACK AGREEMENT

THIS SALE LEASEBACK AGREEMENT ("Agreement"), between VELO3D, INC., a Delaware corporation, having its chief executive offices at 2710 Lakeview Court, Fremont, CA 94538 and VELO3D US, INC., a Delaware corporation, having its chief executive offices at 2710 Lakeview Court, Fremont, CA 94538 (collectively, the "Seller") and VARILEASE FINANCE, INC., a Michigan corporation, having its chief executive offices at 2800 East Cottonwood Parkway, 2nd Floor, Salt Lake City, UT 84121 ("Purchaser") is dated and effective this December 8, 2025.

WHEREAS, Purchaser, as Lessor and Seller, as Lessee have entered into Schedule No. 01 dated December 8, 2025 (the "Schedule") as it incorporates the terms and conditions of Master Lease Agreement dated December 8, 2025 (the "Master Agreement"). The Schedule and Master Agreement shall hereinafter be referred to, collectively, as the "Lease";

WHEREAS, Seller desires Purchaser to purchase from Seller property and equipment listed on one or more Authorizations for Progress Payment (the "Authorizations") (collectively, the "Equipment" and individually, an "Item of Equipment"), and lease the Equipment back from Purchaser; and,

WHEREAS, Purchaser desires to buy the Equipment from Seller and lease the Equipment to Seller under the terms and conditions of this Agreement, the Authorizations and the Lease.

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the representations and covenants contained herein, the parties agree as follows:

1. Purchase and Sale. Seller hereby sells and Purchaser hereby purchases the Equipment (including all maintenance records, schematics, logic books, manuals, cables, kick plates, form stands, diagnostics and microfiche necessary for the installation, maintenance and operation of the Equipment) described in one or more Authorizations signed by Seller. Each Authorization upon the execution and delivery thereof, shall be incorporated into this Agreement by this reference, and collectively, the Authorizations shall comprise the Equipment.
2. Purchase Price. Purchaser and Seller hereby agree that the purchase price to be paid to Seller by Purchaser for the Equipment shall be \$10, 000,000.00 which shall be payable to Seller under the terms and conditions of this Agreement, the Authorizations and the Lease. Purchaser shall pay the Purchase Price to VELO3D, INC.
3. Taxes. Seller represents and warrants that it is responsible for and it has paid all sales and use, property and other taxes assessed or due in connection with Seller's purchase, use and possession of the Equipment prior to this sale to Purchaser. Seller will pay all taxes in the nature of excise, sales or use taxes imposed upon Seller by any state or political subdivision by reason of the sale provided for herein. Notwithstanding the foregoing, Purchaser warrants that this purchase is for resale and will provide Seller with Purchaser's resale exemption certificate number.
4. Lien Releases. Seller agrees and acknowledges that Purchaser's commitment to fund the Lease is subject to Purchaser's receipt of a certified UCC/Lien Search of Seller and receipt of lien releases and/or subordination of interest letter(s) in a form acceptable to Purchaser in its sole discretion, relating to security interests or other encumbrances with respect to the Equipment subject to the Lease. No title in the Equipment shall transfer unless, and until, the Purchase Price is paid to Seller.
5. Warranty of Title. SELLER HEREBY WARRANTS TO PURCHASER, ITS SUCCESSORS AND ASSIGNS, (i) THAT THE ITEMS OF EQUIPMENT IN ANY AUTHORIZATION SIGNED IN CONNECTION WITH THIS AGREEMENT ARE ELIGIBLE FOR THE MANUFACTURERS MAINTENANCE AGREEMENT AND (ii) SELLER HAS GOOD AND MARKETABLE TITLE TO THE EQUIPMENT, FREE AND CLEAR OF ALL CLAIMS, LIENS, ENCUMBRANCES AND RIGHTS OF OTHERS OF ANY NATURE WHATSOEVER. BY THIS AGREEMENT, THE PARTIES AGREE THAT TITLE AND OWNERSHIP OF THOSE ITEMS OF EQUIPMENT SPECIFIED IN ANY AUTHORIZATION SHALL PASS TO PURCHASER AT THE TIME SELLER SIGNS SUCH AUTHORIZATION, AT WHICH TIME SELLER SHALL GRANT, BARGAIN, SELL, TRANSFER AND DELIVER TO PURCHASER ALL OF SELLER'S RIGHT, TITLE AND INTEREST IN THE ITEMS OF EQUIPMENT DESIGNATED ON THE AUTHORIZATION, TO HAVE AND TO HOLD EACH ITEM OF EQUIPMENT UNTO PURCHASER, ITS SUCCESSORS AND ASSIGNS, FOREVER BY EXECUTING A BILL OF SALE IN FAVOR OF PURCHASER. SELLER HEREBY INDEMNIFIES PURCHASER AGAINST ALL CLAIMS AND COSTS INCURRED IN THE DEFENSE OF TITLE TO THE EQUIPMENT BY ANYONE CLAIMING BY OR THROUGH SELLER. Seller is transferring to Purchaser good title to the Equipment, free and clear of all liens and encumbrances of any kind or description and each Item of Equipment will be at the time of signing of each Authorization, located at Seller's premises identified on the Authorization, in good operating condition and appearance and installed (if applicable) and operating in accordance with all manufacturer specifications. Effective at the time of signing of each Authorization, Seller assigns to Purchaser all of its rights and interests in and to any software specified in each Authorization, together with all vendor representations, warranties and indemnities pertaining thereto, and in any license agreement entered into by Seller in connection with such software. Provided no Event of Default has occurred and is continuing under the Lease, Seller is hereby authorized to use such software consistent with the license agreement relating thereto, and to communicate directly with any licensor in all matters relating to the software and license agreement. Seller agrees to perform and discharge when due each and every obligation of licensee under each license agreement and to not breach any provision of the license. Seller assumes and indemnifies Purchaser against all liabilities or claims arising in connection with such license.

6. Manufacturer's Warranties. Seller hereby assigns to Purchaser all warranties and indemnities with respect to the Equipment made by the manufacturer thereof, to the extent that such warranties may be assigned in accordance with the rights of the manufacturer.
7. Security Interest. Seller hereby reserves (i) a security interest in the Equipment until receipt of full payment of the Purchase Price from Purchaser, which interest shall be automatically terminated upon payment by Purchaser of the purchase price as set forth in each Authorization; and (ii) a right of first refusal to repurchase the Equipment subject to the terms of the Master Agreement.
8. Purchaser's Obligations. Seller hereby acknowledges that Purchaser's obligations hereunder are expressly subject to the following conditions:
- a. Purchaser's receipt of the Master Agreement, Schedule, and supplemental documentation pursuant to section 10 of the Schedule within five (5) business days from the date of this Agreement. Should the Lease not be executed and delivered by Seller within such five-day period then, at the option of Purchaser, this Agreement shall be null and void ab initio.
  - b. Purchaser's receipt of properly executed Authorization(s) and Bill(s) of Sale given by Seller in favor of Purchaser.
  - c. Purchaser's receipt and review of certified UCC searches against Seller showing no security interests, liens or encumbrances on any Item of Equipment, or partial releases of any UCC liens or encumbrances and/or subordinations from lienholders, in a form acceptable to Purchaser.
  - d. Purchaser's receipt and review of evidence of Seller's ownership of the Equipment.
  - e. Any other documentation reasonably required by Purchaser.
9. Seller's Representations and Warranties. Seller represents and warrants to Purchaser that:
- a. Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and in all jurisdictions where such qualification is required for it to conduct its business.
  - b. This Agreement has been duly authorized by Seller, and upon execution and delivery by the parties thereto, shall constitute the valid, legal and binding obligation of Seller enforceable in accordance with its terms.
  - c. No event has occurred or is continuing which constitutes an event of default under this Agreement or the Lease. No consent, approval or authorization of or by any court, administrative agency or other governmental authority is required in connection with the execution, delivery or performance by Seller of, or the consummation by Seller of the transaction contemplated by this Agreement.
  - d. The transaction contemplated by this Agreement complies with all applicable federal and state laws, rules and regulations applicable to Seller.
10. Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller that:
- a. Purchaser is a corporation company duly organized, validly existing and in good standing under the laws of the State of Michigan and in all jurisdictions where such qualification is required for it to conduct its business.
  - b. This Agreement has been duly authorized by Purchaser, and upon the execution and delivery by the parties thereto, shall constitute the valid, legal and binding obligation of Purchaser enforceable in accordance with its terms.

11. Default and Remedies. In the event any of Seller's representations made hereunder should be false or misleading in any material respect, or in the event Seller should breach any of its warranties or obligations under this Agreement, Purchaser shall be entitled to exercise all rights and remedies available to it at law or in equity together with all of its rights and remedies under the Lease in Purchaser's discretion as if they were set forth in this Agreement, and for purposes hereof all such rights and remedies shall be incorporated herein by this reference. Either party's material breach, if not cured within thirty (30) days after written notice, shall constitute default. The non-defaulting party may terminate this Agreement in writing and pursue legal remedies.
12. Successors. Purchaser and Seller agree that this Agreement shall inure to the benefit of and shall be binding upon Seller and Purchaser, their respective successors and assigns. Any assignment by Purchaser shall not require Seller's prior written approval provided such assignee agrees to observe Purchaser's covenant of quiet enjoyment under the Master Agreement. Seller shall not assign any interest in this Agreement without Purchaser's prior written consent.
13. Survival of Covenants. Purchaser and Seller agree that the warranties, covenants and agreements contained in this Agreement shall survive the passing of title to the Equipment.
14. Entire Agreement. Seller and Purchaser agree that this Agreement and the Lease, together with any amendments, supplements or riders thereto, shall constitute the entire agreement between the parties with respect to the Equipment and shall supersede all proposals, oral or written, all prior negotiations and all other communications.
15. General. This Agreement may only be modified by a subsequent writing executed by both parties. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Michigan without giving effect to the principles of conflict of laws. Section headings are for convenience only and shall not be construed as part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Sale Leaseback Agreement on the date shown above.

PURCHASER:  
VARILEASE FINANCE, INC.

By: /s/ Helen Hill  
Name: Helen Hill  
Title: Vice President

SELLER:  
VELO3D, INC.

By: /s/ Arun Jeldi  
Name: Arun Jeldi  
Title: Chief Executive Officer

SELLER:  
VELO3D US, INC.

By: /s/ Arun Jeldi  
Name: Arun Jeldi  
Title: Chief Executive Officer



## MASTER LEASE AGREEMENT

MASTER LEASE AGREEMENT (“Master Agreement”) made as of December 8, 2025, between VARILEASE FINANCE, INC., a Michigan corporation, having its chief executive offices at 2800 East Cottonwood Parkway, 2nd Floor, Salt Lake City, UT 84121 (and together with any other affiliate entity that is indicated as the lessor under a Schedule, “Lessor”); VELO3D, INC., a Delaware corporation, having its chief executive offices at 2710 Lakeview Court, Fremont, CA 94538 (“Co-Lessee”); THIENEMAN CONSTRUCTION, INC., an Indiana corporation, having its chief executive offices at 17219 Foundation Parkway, Westfield, IN 46074 (“Co-Lessee”); and VELO3D US, INC., a Delaware corporation, having its chief executive offices at 2710 Lakeview Court, Fremont, CA 94538 (“Co-Lessee”) (Co-Lessee hereinafter referred to collectively as “Lessee”). For purposes of the Master Agreement, any related Schedules and associated documents, Velo3D, Inc.; Thieneman Construction, Inc.; and Velo3D US, Inc., as Co-Lessee agree that each will be jointly and severally liable for the performance of all obligations and bound to all terms and conditions as Lessee which will include but not be limited to the payment of Base Monthly Rental, and any other amounts which are now due or will become due and payable pursuant to the terms hereof. For purposes hereof, the term “Lessee” wherever it appears will refer to all Co-Lessee, unless otherwise noted or agreed to by the parties. The Co-Lessee further agree that any authorized signature of any Co-Lessee is authorized to bind all Co-Lessee with respect to this Master Agreement. Any notice required under this Master Agreement which is received by any Lessee as a Co-Lessee from Lessor will be deemed to have been received by all Co-Lessee.

### 1. LEASE

On the terms and conditions of this Master Agreement, Lessor shall lease to Lessee, and Lessee shall hire from Lessor, the items of personal property described in the Schedule(s) (collectively the “Equipment”, and individually an “Item”) which shall incorporate this Master Agreement. Subject to Section 16(a)(viii), each Schedule constitutes a separate and independent lease and contractual obligation of Lessee. The term “Lease” refers to an individual Schedule that incorporates the terms and conditions of this Master Agreement. In the event of a conflict between this Master Agreement and any Schedule, the language of the Schedule shall prevail. The Lease is effective upon execution by Lessor at its offices.

### 2. TERM

(a) The Lease may be comprised of a Progress Funding Term, Installation Term and Base Term. The Progress Funding Term shall commence on the date an Authorization for Progress Payment (an “Authorization”) is first executed and shall end on the date specified on the Installation Certificate (the “Installation Date”). The Installation Term shall commence on the Installation Date and terminate on the first day of the calendar quarter following the Installation Date (the “Base Term Commencement Date”). The Base Term of the Lease shall begin on the Base Term Commencement Date and shall, subject to Section 19(b), end on the last day of the last month of the Base Term. An Installation Certificate will be executed after (i) Lessor receives all documents necessary for Lessor to effectuate the Lease and (ii) Lessor determines, in its sole discretion, that the Equipment has been delivered, installed, and acceptable for all purposes under the Lease after an inspection, if required by Lessor. If Lessee does not, for any reason, sign an Installation Certificate, the Installation Date shall be the date that the conditions in (i) and (ii) above are satisfied.

(b) In the event Lessee requests, for its benefit, that Lessor advance payments to supplier(s) or manufacturer(s) of the Equipment (the “Supplier(s)”) or, in the case of a “sale and leaseback” transaction, to the Lessee, during the period prior to Lessee’s delivery of the Installation Certificate and make progress payments to such Supplier(s) or otherwise reimburse Lessee for payments made to such Supplier(s) (all such Lessor payments and reimbursements are collectively referred to as “Progress Payments”), Lessor may, in its sole discretion, accommodate such requests by Lessee and make such Progress Payments pursuant to the terms provided for in this Section 2(b). Lessee shall pay to Lessor a daily pro rata rental fee (the “Rental Fee(s)”) from the date of execution of the Authorization for each Item of Equipment through the Installation Date calculated by multiplying the Base Lease Rate Factor specified in the applicable Schedule times the amount of such Progress Payment divided by 30. Rental Fees will be billed monthly to Lessee. If all of the Equipment to be included in the applicable Schedule is not delivered, installed and accepted by Lessee by ninety (90) days after the date of Lessor’s execution of the applicable Schedule (the “Funding Cut-Off Date”), Lessor may, at its sole option, pursue any one or more of the following options: (i) extend the Progress Funding Term, as evidenced by Lessor’s continued Progress Payments, and establish a new Funding Cut-Off Date; (ii) commence the term of any Schedule (using the new Funding Cut-Off Date as the Installation Date) based on the portion of the Equipment that has been delivered to Lessee and paid for by Lessor as of the new Funding Cut-Off Date; or (iii) demand in writing that the Lessee pay to Lessor a total amount equal to all Progress Payments paid at the request of Lessee, plus all pro rata Rental Fees, taxes, late fees and other payments which are due and owing under the Lease. Should such demand be made by Lessor, Lessee hereby unconditionally agrees to reimburse said amounts to Lessor in full within three (3) business days of said demand, and upon receipt of said payment in full, Lessor shall release Lessee from further payment obligations under the Lease. Lessor hereby reserves the right to terminate the Progress Funding Term and not make Progress Payments at any time if Lessor determines, in Lessor’s sole reasonable discretion, that there has been a material adverse change in Lessee’s financial condition, at which time Lessor may elect either (i), (ii) or (iii) above. Notwithstanding anything to the contrary in the Lease, for purposes of Section 2(b)(iii), in the event such demand for reimbursement is made by Lessor and Lessee fails to reimburse Lessor in accordance with the terms herein, such failure shall automatically constitute an Event of Default, and Lessor shall be entitled to pursue all of its available remedies under the Lease. During the term of the Lease, Lessee grants to Varilease Finance, Inc. as secured party on behalf of each Lessor under this Master Agreement and any Schedule hereto a security interest in any and all goods, chattels, fixtures, equipment, assets, accounts receivable, contract rights, general intangibles and property of every kind wherever located in which Lessee has any interest and the proceeds thereof, and agrees that any security interest created by this Master Agreement secures any and all obligations of Lessee and those of any affiliate of Lessee to Lessor whether now in existence and/or to come into existence. The foregoing grant shall automatically be effective and each Lessor and Assignee, as defined in Section 10, shall have the right to file financing statements or other instruments under the Uniform Commercial Code (“UCC”), Personal Property Security Act (“PPSA”) or other applicable law governing secured transactions.



### 3. RENTAL

(a) The rental amount payable to Lessor by Lessee for the Equipment will be as set forth on the Schedule, as amended ("Base Monthly Rental"). As rent for the Equipment, Lessee shall pay Lessor in immediately available funds and in advance on the Base Term Commencement Date and on the first day of each calendar month during the Base Term of the Lease the Base Monthly Rental, and upon receipt of an invoice, an amount equal to 1/30th of the Base Monthly Rental for each Item times the number of days which will elapse from the date such Item was installed to the Base Term Commencement Date of the Lease. Each remittance from Lessee to Lessor shall contain information as to the Lease for which payment is made. In the event of a partial installation of less than all the Equipment prior to the Base Term Commencement Date, Lessee shall pay pro rata rental for such Items of Equipment upon receipt of invoice for same.

(b) For any payment of rent or other amount due under a Lease which is past due, interest shall accrue at the rate of 2% per month, from the date such payment was due until payment is received by Lessor, or if such rate shall exceed the maximum rate of interest allowed by law, then at such maximum rate.

(c) UNLESS OTHERWISE PROVIDED FOR HEREIN, THIS IS A NON-CANCELABLE, NON-TERMINABLE LEASE OF EQUIPMENT FOR THE ENTIRE LEASE TERM AS PROVIDED IN EACH SCHEDULE HERETO.

### 4. TAXES

Lessee shall immediately reimburse Lessor (or pay directly, but only if instructed by Lessor) for all taxes, fees, and assessments that may be imposed by any taxing authority on the Equipment, on its purchase, ownership, delivery, possession, operation, rental, return to Lessor or its purchase by Lessee (collectively "Taxes"); provided, however, that Lessee shall not be liable for any such Taxes (whether imposed by the United States of America or by any other domestic or foreign taxing authority) imposed on or measured by Lessor's net income or tax preference items. Lessee's obligation includes, but is not limited to, the obligation to pay all license and registration fees, recycling fees, and all sales, use, personal property, recordation and any other taxes and governmental charges, together with any penalties, fines and interest thereon, that may be imposed during the term and any extension or renewal term of the applicable Schedule. Lessee shall pay all reasonable administrative costs incurred by Lessor in connection with the set-up, revisions, reporting, filing and payment of any taxes due hereunder or in connection with the Equipment. Lessor shall report and file any and all Taxes and shall invoice Lessee for same. Lessor will not provide annual personal property valuation notices to Lessee, unless requested in writing. Lessee shall promptly reimburse Lessor for all Taxes and hold Lessor harmless with respect to any non-payment thereof.

### 5. NET LEASE

The Lease is a net lease, it being the intention of the parties that all costs, expenses and liabilities associated with the Equipment or its lease shall be borne by Lessee. Lessee's agreement to pay all obligations under the Lease, including but not limited to Base Monthly Rental, is absolute and unconditional and such agreement is for the benefit of Lessor and its Assignee(s). Lessee's obligations shall not be subject to any abatement, deferment, reduction, setoff, defense, counterclaim or recoupment for any reason whatsoever. Except as may be otherwise expressly provided in the Lease, it shall not terminate, nor shall the obligations of Lessee be affected by reason of any defect in or damage to, or any loss or destruction of, or obsolescence of, the Equipment or any Item from any cause whatsoever, or the interference with its use by any private person, corporation or governmental authority, or as a result of any war, riot, insurrection, pandemic or an act of God. It is the express intention of Lessor and Lessee that all rent and other sums payable by Lessee under the Lease shall be, and continue to be, payable in all events throughout the term of the Lease. The Lease shall be binding upon the Lessee, its successors and permitted assigns and shall inure to the benefit of Lessor and its Assignee(s).

### 6. INSTALLATION, RETURN AND USE OF EQUIPMENT

(a) Upon delivery of the Equipment to Lessee, Lessee shall pay all transportation, installation, rigging, packing and insurance charges with respect to the Equipment. In the case of a sale and leaseback transaction, Lessee shall, upon the request of Lessor, certify the date the Equipment was first put into use. Lessee will provide the required electric current and a suitable place of installation for the Equipment with all appropriate facilities as specified by the manufacturer. Lessee must operate an Item according to the specifications of the manufacturer and the manufacturer's standard maintenance contract.

(b) Provided that no Event of Default shall have occurred, Lessee shall, at all times during the term of the Lease, be entitled to unlimited use of the Equipment. Lessee will at all times keep the Equipment in its sole possession and control. The Equipment shall not be moved from the location stated in the Schedule without the prior written consent of Lessor. Lessee will comply with all laws, regulations, and ordinances, and all applicable requirements of the manufacturer of the Equipment that apply to the physical possession, use, operation, condition, and maintenance of the Equipment. Lessee agrees to obtain all permits and licenses necessary for the operation of the Equipment.

(c) Lessee shall not without the prior written consent of Lessor affix or install any accessory, feature, equipment or device to the Equipment or make any improvement, upgrade, modification, alteration or addition to the Equipment (any such accessory, feature, equipment, device or improvement, upgrade, modification, alteration or addition affixed or installed is an "Improvement"). Title to all Improvements shall, without further act, upon the making, affixing or installation of such Improvement, vest solely in Lessor, except such Improvements as may be readily removed without causing material damage to the Equipment and without in any way affecting or impairing the originally intended function, value or use of the Equipment. Provided the Equipment is returned to Lessor in the condition required by the Lease, including, but not limited to coverage under the manufacturer's standard maintenance contract, title to the Improvement shall vest in the Lessee upon removal. Any Improvement not removed from the Equipment prior to return shall at Lessor's option remain the property of Lessor and shall be certified for maintenance by the manufacturer, at Lessee's expense.

Lessee shall notify Lessor in writing no less than thirty (30) days prior to the desired installation date of the type of Improvement Lessee desires to obtain. Lessor may, at any time within ten (10) days after receipt of the notice offer to provide the Improvement to Lessee upon terms and conditions to be mutually agreed upon. Lessee shall cause such documents to be executed and delivered to Lessor as shall be required by Lessor to vest title to such Improvements in Lessor and to protect the interests of Lessor and any Assignee in the Improvement.

During the term of the Lease and any renewal term, Lessee shall cause all Improvements to be maintained, at Lessee's expense, in accordance with the requirements of Section 7. Unless otherwise agreed to by Lessor, upon the expiration or earlier termination of the term of the Lease, any Improvement shall be de-installed and removed from the Equipment by the manufacturer, at Lessee's expense. If the Improvement is removed, the Equipment shall be restored to its unmodified condition and shall be certified for maintenance by the manufacturer, at Lessee's expense.

(d) Subject to Section 19(b), Lessee shall, at the termination of the Lease, at its expense, cause the Equipment to be decontaminated and remove all proprietary data from any and all memory storage devices from the Equipment, by the manufacturer or other entity approved by Lessor in accordance with manufacturer specifications and all applicable laws, rules and regulations, if any, de-install, pack and return the Equipment to Lessor at such location as shall be designated by Lessor in the same operating order, repair, condition and appearance as of the date the Equipment was installed, reasonable wear and tear excepted, with all current engineering changes prescribed by the manufacturer of the Equipment or a maintenance contractor approved by Lessor (the "Maintenance Organization") incorporated in the Equipment. Until the return of the Equipment to Lessor, Lessee shall be obligated to pay the Base Monthly Rental and all other sums due under the Lease. Upon redelivery to Lessor, Lessee shall arrange and pay for such repairs (if any) as are necessary for the manufacturer of the Equipment to accept the Equipment under a maintenance contract at its then standard rates.

(e) Lessee shall comply with all present and future federal, state, regional and municipal laws, statutes, ordinances, regulations, rules, judicial and similar requirements of all federal, state, regional and municipal governmental agencies or other governmental entities with legal authority pertaining to the protection of human or wildlife health and safety or the environment, including, without limitation, any such laws, statutes, ordinances, regulations, rules, judicial and administrative orders and decrees, permits, licenses, approvals, authorizations and similar requirements regulating or relating to Hazardous Materials (defined below) or to the generation, use, storage, release, presence, disposal, transport, or handling of any other substance, oil, oil byproducts, gas element, or material which has the potential to pollute, contaminate or harm any land, subsurface area, water source or watercourse, air or other natural resource, hereinafter referred to as "Environmental Laws".

"Hazardous Materials" is defined as any hazardous or toxic substance, material or waste that is or becomes regulated under any applicable local, state or federal law, including, but not limited to, those substances, materials, and waste listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or defined by the Environmental Protection Agency as "any material that poses a threat to human health and/or the environment. Typical Hazardous Materials are toxic, corrosive, ignitable, explosive, or chemically reactive".

## **7. MAINTENANCE AND REPAIRS**

Lessee shall, during the term of the Lease, maintain in full force and effect a contract with the manufacturer of the Equipment or Maintenance Organization covering at least prime shift maintenance of the Equipment. Lessee, upon Lessor's request, shall furnish Lessor with a copy of such maintenance contract as amended or supplemented. During the term of the Lease, Lessee shall, at its expense, keep the Equipment in good working order, repair, appearance and condition and make all necessary adjustments, repairs and replacements, all of which shall become the property of Lessor. Lessee shall not use or permit the use of the Equipment for any purpose for which, the Equipment is not designed or intended.

## **8. OWNERSHIP, LIENS AND INSPECTIONS**

(a) Lessee shall keep the Equipment free from any marking or labeling which might be interpreted as a claim of ownership by Lessee or any party other than Lessor and its Assignee(s), and, if requested by Lessor, shall affix and maintain tags, decals or plates furnished by Lessor on the Equipment indicating ownership and title to the Equipment in Lessor or its Assignee(s). Upon reasonable written notice to Lessee, Lessor or its agents shall have access to the Equipment and Lessee's books and records with respect to the Lease and the Equipment at reasonable times for the purpose of inspection and for any other purposes contemplated by the Lease, subject to the reasonable security requirements of Lessee.

(b) Lessee shall execute and deliver such instruments requested by Lessor, including financing statements filed under the UCC, PPSA or other applicable law governing secured transactions, as are required to be filed to evidence the interest of Lessor and its Assignee(s) in the Equipment or the Lease. Lessee has no interest in the Equipment except as expressly set forth in the Lease, and that interest is a leasehold interest. Lessor and Lessee agree, and Lessee represents for the benefit of Lessor and its Assignee(s) that the Lease is intended to be a "finance lease" and not a "lease intended as security" as those terms are used in the UCC; and that the Lease is intended to be a "true lease" as the term is commonly used under the Internal Revenue Code of 1986, as amended (the "Tax Code").

(c) LESSEE SHALL KEEP THE LEASE, THE EQUIPMENT AND ANY IMPROVEMENTS FREE AND CLEAR OF ALL LIENS AND ENCUMBRANCES OF WHATSOEVER KIND (EXCEPT THOSE CREATED BY LESSOR) AND LESSEE SHALL NOT ASSIGN THE LEASE OR ANY OF ITS RIGHTS UNDER THE LEASE OR SUBLEASE ANY OF THE EQUIPMENT OR GRANT ANY RIGHTS TO THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. No permitted assignment or sublease shall relieve Lessee of any of its obligations under the Lease and Lessee agrees to pay all costs and expenses Lessor may incur in connection with such sublease or assignment. Lessee grants to Lessor the right of first refusal on any sublease or other grant of Lessee's rights to the Equipment.

## 9. DISCLAIMER OF WARRANTIES

(a) LESSOR LEASES THE EQUIPMENT "AS IS," AND BEING NEITHER THE MANUFACTURER OF THE EQUIPMENT NOR THE AGENT OF EITHER THE MANUFACTURER OR SELLER, LESSOR DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OR PERFORMANCE OF THE EQUIPMENT, ITS MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WITH RESPECT TO PATENT INFRINGEMENTS OR THE LIKE. LESSOR SHALL HAVE NO LIABILITY TO LESSEE OR ANY OTHER PERSON FOR ANY CLAIM, LOSS OR DAMAGE OF ANY KIND OR NATURE WHATSOEVER, NOR SHALL THERE BE ANY ABATEMENT OF RENTAL FOR ANY REASON INCLUDING CLAIMS ARISING OUT OF OR IN CONNECTION WITH (i) THE DEFICIENCY OR INADEQUACY OF THE EQUIPMENT FOR ANY PURPOSE, WHETHER OR NOT KNOWN OR DISCLOSED TO LESSOR, (ii) ANY DEFICIENCY OR DEFECT IN THE EQUIPMENT, (iii) THE USE OR PERFORMANCE OF THE EQUIPMENT, OR (iv) ANY LOSS OF BUSINESS OR OTHER CONSEQUENTIAL LOSS OR DAMAGE, WHETHER OR NOT RESULTING FROM ANY OF THE FOREGOING.

(b) For the term of the Lease, Lessor assigns to Lessee (to the extent possible), and Lessee may have the benefit of, any and all manufacturer's warranties, service agreements and patent indemnities, if any, with respect to the Equipment; provided, however, that Lessee's sole remedy for the breach of any such warranty, indemnification or service agreement shall be against the manufacturer of the Equipment and not against Lessor, nor shall any such breach have any effect whatsoever on the rights and obligations of Lessor or Lessee with respect to the Lease.

(c) NO REPRESENTATIONS OR WARRANTIES OF THE MANUFACTURER OR DISTRIBUTOR OF THE EQUIPMENT, OR ANY OTHER THIRD PARTY, CAN BIND LESSOR, AND LESSEE ACKNOWLEDGES AND AGREES THAT LESSOR SHALL HAVE NO OBLIGATIONS WITH RESPECT TO THE EQUIPMENT EXCEPT AS SPECIFICALLY SET FORTH HEREIN OR IN ANOTHER DOCUMENT EXECUTED BY LESSOR.

## 10. ASSIGNMENT

(a) Lessee acknowledges and understands that Lessor may assign to a successor, financing lender and/or purchaser ("Assignee") all or any part of the Lessor's right, title and interest in and to the Lease and the Equipment and Lessee hereby consents to such assignment(s). In the event Lessor transfers or assigns, or retransfers or reassigns, to an Assignee all or part of Lessor's interest in the Lease, the Equipment or any sums payable under the Lease (including any extension rentals, purchase sums or new schedule rentals which may become due at the end of the Base Term), whether as collateral security for loans or advances made or to be made to Lessor by such Assignee or otherwise, Lessee covenants that, upon receipt of notice of any such transfer or assignment which may include an invoice to remit payment to an Assignee,

(i) Lessee shall, if so instructed, pay and perform its obligations under the Lease to the Assignee (or to any other party designated by Assignee), and shall not assign the Lease or any of its rights under the Lease or permit the Lease to be amended, modified, or terminated without the prior written consent of Assignee;

(ii) Lessee's obligations under the Lease with respect to Assignee shall be absolute and unconditional and not be subject to any abatement, reduction, recoupment, defense, offset or counterclaim for any reason, alleged or proven, including, but not limited to, a defect in the Equipment, the condition, design, operation or fitness for use of the Equipment or any loss or destruction or obsolescence of the Equipment or any part, the prohibition of or other restrictions against Lessee's use of the Equipment, the interference with such use by any person or entity, any failure by Lessor to perform any of its obligations contained in the Lease, any insolvency or bankruptcy of Lessor, or for any other cause;

(iii) Lessee shall, upon written request of Lessor, submit documents and certificates as may be reasonably required by Assignee to secure and complete such transfer or assignment, including but not limited to the documents set forth in Section 15(c) of this Master Agreement;

(iv) Lessee shall, where applicable, execute and deliver to Assignee copies of any notices which are required under the Lease to be sent to Lessor; and

(v) Lessee shall, if requested in writing, restate to Assignee the representations, warranties and covenants contained in the Lease (upon which Lessee acknowledges Assignee may rely) and shall make such other representations, warranties and covenants to Assignee as may be reasonably required to give effect to the assignment.

(b) Lessor shall not make an assignment or transfer to any Assignee who shall not agree in writing that, so long as Lessee is not in default under the Lease, such Assignee shall take no action to interfere with Lessee's quiet enjoyment and use of the Equipment in accordance with the terms of the Lease. No such assignment or conveyance shall relieve Lessor of its obligations under the Lease and Lessee agrees it shall not look to any Assignee to perform any of Lessor's obligations under the Lease. No such assignment shall increase Lessee's obligations nor decrease Lessee's rights hereunder.

## 11. QUIET ENJOYMENT

Lessor covenants that so long as Lessee is not in default under a Lease, Lessor shall take no action to interfere with Lessee's possession and use of the Equipment subject to and in accordance with the provisions of the Lease.

## 12. INDEMNIFICATION

Except for any negligence, gross negligence, fraud, or willful misconduct of Lessor or Assignee, Lessee shall and does agree to indemnify, protect, defend, save and hold harmless Lessor and its Assignee(s) from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, or expenses of any kind and nature whatsoever, including but not limited to attorney fees (including without limitation attorney fees in connection with the enforcement of this indemnification) which may be imposed upon, incurred by or asserted against Lessor or its Assignee(s) in any way relating to or arising out of the Lease, the manufacture, ownership, lease, possession, use, condition, operation, accident in connection with the Equipment (including, without limitation, those claims based on latent and other defects, whether or not discoverable, or claims based on strict liability, or any claim for patent, trademark or copyright infringement, or claims for any damages to any person or property, any costs associated with, or any fines caused by violation of any Environmental Laws) or Lessee's failure to protect or remove proprietary data from memory storage devices. Lessor's and its Assignee's rights arising from this Section shall survive the expiration or other termination of the Lease. Nothing in this Section shall limit or waive any right of Lessee to proceed against the manufacturer of the Equipment.

## 13. RISK OF LOSS

(a) Lessee assumes and shall bear the entire risk of loss and damage, whether or not insured against, of the Equipment from any and every cause whatsoever, and damage caused by the Equipment to the environment, any person or property, as of the date the Equipment is delivered to Lessee.

(b) In the event of loss or damage of any kind to any Item, Lessee shall use all reasonable efforts to place the Item in good repair, condition and working order to the reasonable satisfaction of Lessor within sixty (60) days of such loss or damage, unless the Lessor determines in writing within twenty (20) days of receiving notice from the Lessee of such damage that such Item has been irreparably damaged, in which case Lessee shall, within ten (10) days of Lessor's determination of irreparable loss, make its election to either pay Lessor the Stipulated Loss Value for the irreparably damaged Item or replace the irreparably damaged Item, all as provided in this Section. For purposes of this Section and Sections 14 and 16(b), the Stipulated Loss Value will start at 110% of Lessor's original equipment cost and decline by 1.25% per month during the Base Term and will not decline any further after the expiration of the Base Term. To the extent that the Item is damaged but not irreparably damaged and if Lessee is entitled, pursuant to the insurance coverage, to obtain proceeds from such insurance for the repair of the Item, Lessee (provided no Event of Default has occurred under the Lease) may arrange for the disbursement of such proceeds to the manufacturer or other entity approved by Lessor to perform the repairs to pay the cost of repair. However, Lessee's obligation to timely repair the damaged Item is not contingent upon receipt of such insurance proceeds.

(c) In the event that Lessee elects to pay Lessor the Stipulated Loss Value for the irreparably damaged Item, Lessee shall (i) pay such amount (computed as of the first day of the month following the determination of the irreparable damage by the Lessor) to Lessor on the first day of the month following the election by Lessee as provided in (b) above, (ii) pay all Base Monthly Rental for the Item up to the date that the Stipulated Loss Value is paid to Lessor, and (iii) arrange with the applicable insurance company (with the consent of Lessor) for the disposition of the irreparably damaged Item. If not all the Equipment is irreparably damaged, the Value for Calculation of Stipulated Loss Value ("Value") as set forth on the Schedule for the irreparably damaged Item shall be multiplied by the applicable Stipulated Loss Value percentage to compute the Stipulated Loss Value for such irreparably damaged Item, and the Base Monthly Rental for the undamaged Equipment remaining due (after payment of the Stipulated Loss Value for the irreparably damaged Item) shall be that amount resulting from multiplying the original Base Monthly Rental by the ratio of the Value of the undamaged Equipment divided by the Value for all the Equipment prior to the damage.

(d) If Lessee elects to replace the irreparably damaged Item, Lessee shall continue all payments under the Lease without interruption, as if no such damage, loss or destruction had occurred, and shall replace such irreparably damaged Item, paying all such costs associated with the replacement, and Lessee shall be entitled to insurance proceeds up to the amount expended by Lessee in effecting the replacement. Lessee shall within twenty (20) days following the date of determination of irreparable damage by the Lessor effect the replacement by replacing the irreparably damaged Item with a "Replacement Item" so that Lessor has good, marketable and unencumbered title to such Replacement Item. The Replacement Item shall have a fair market value equal to or greater than the Item replaced and an anticipated fair market value, at the expiration of the Base Term, equal to the fair market value that the replaced Item would have had at the end of the Base Term; and further, the Replacement Item shall be the same manufacture, model and type and of at least equal capacity to the Item for which the replacement is being made. Upon delivery, such Replacement Item shall become subject to all of the terms and conditions of the Lease and, for the avoidance of doubt, ownership of such Replacement Item shall immediately vest in Lessor free and clear of all claims, liens and encumbrances. Lessee shall execute all instruments or documents necessary to effect the foregoing.

(e) For purposes of this Section 13, the term "fair market value" shall mean the price of the Equipment delivered and installed at Lessee's location that would be obtained in an arm's-length transaction between an informed and willing buyer-lessee under no compulsion to buy or lease and an informed and willing seller-lessor under no compulsion to sell or lease. If Lessor and Lessee are unable to agree upon fair market value, such value shall be determined, at Lessee's expense, in accordance with the foregoing definition, by three (3) independent appraisers, one to be appointed by Lessee, one to be appointed by Lessor and the third to be appointed by the first two. Upon the completion of the appraisals, the fair market value shall be determined by the average of the valuations in the appraisals.

## 14. INSURANCE

During the term of the Lease, Lessee, at its own expense, shall maintain in regard to the Equipment all property insurance (in an amount not less than the Stipulated Loss Value) and comprehensive public liability insurance, including any claims caused from the breach of any Environmental Laws involving the Equipment, in amounts and with carriers reasonably satisfactory to Lessor. Any such insurance shall name Lessor and the Assignee(s) as additional insured and, as for the all property insurance, loss payees as their interests may appear. All such insurance shall provide that it may not be terminated, canceled or altered without at least thirty (30) days' prior written notice to Lessor and its Assignee(s). Coverage afforded to Lessor shall not be rescinded, impaired, or invalidated by any act or neglect of Lessee. Lessee agrees to supply to Lessor, upon request, evidence of such insurance.

## 15. REPRESENTATIONS AND WARRANTIES OF LESSEE; FINANCIAL STATEMENTS

(a) Lessee represents and warrants to Lessor and its Assignee(s) (i) that the execution, delivery and performance of this Master Agreement and the Lease was duly authorized and that upon execution of this Master Agreement and the Lease by Lessee and Lessor, this Master Agreement and the Lease will be in full force and effect and constitute a valid legal and binding obligation of Lessee, and enforceable against Lessee in accordance with their respective terms; (ii) the Equipment is accurately described in the Lease and all documents of Lessee relating to the Lease; (iii) that Lessee is in good standing in the jurisdiction of its incorporation and/or organization and in any jurisdiction in which any of the Equipment is located; (iv) that no consent, notice to, registration with or approval from state, federal or other government authority or agency is required with respect to the execution, delivery and performance by the Lessee of this Master Agreement or the Lease or, if any such approval, notice, registration or action is required, it has been obtained; (v) that the entering into and performance of this Master Agreement and the Lease will not violate any judgment, order, law or regulation applicable to Lessee or any provision of Lessee's articles of incorporation, bylaws, articles of organization, operating agreements and/or other corporate entity documents or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or upon the Equipment pursuant to any instrument to which Lessee is a party or by which it or its property may be bound; (vi) there are no actions, suits or proceedings pending or, to Lessee's knowledge, threatened, in any court or administrative agency, arbitrator or governmental body which will, if determined adversely to Lessee, materially affect its ability to perform its obligations under the Lease or any related agreement to which it is a party; (vii) that aside from this Master Agreement and the Lease there are no additional agreements between Lessee and Lessor relating to the Equipment, and (viii) that any and all financial statements and other information supplied to Lessor at the time of execution of the Lease and any amendment, are true and complete. The foregoing representations and warranties shall survive the execution and delivery of the Lease and any amendments hereto and shall upon the written request of Lessor be made to Lessor's Assignee(s).

(b) Prior to and during the term of the Lease, Lessee will furnish Lessor with Lessee's annual audited financial statements no later than ninety (90) days after its fiscal year end and a copy of its quarterly unaudited financial statements within forty-five (45) days after the end of each fiscal quarter. If Lessee is a subsidiary of another company, Lessee shall supply such company's financial statements and guarantees as are reasonably acceptable to Lessor. Lessor's obligations to perform under any Lease is subject to the condition that the financial statements furnished to Lessor by Lessee present the financial condition and results of operations of Lessee and its affiliated corporations and/or companies, if any, and any guarantor of Lessee's obligations under any Lease, as of the date of such financial statements, and that since the date of such statements there have been no material adverse changes in the assets or liabilities, the financial condition or other condition which in Lessor's or Assignee(s)' sole reasonable discretion are deemed to be materially adverse. Lessee shall also provide Lessor with such other commercially reasonable statements concerning the Lease and the condition of the Equipment as Lessor may from time-to-time request in writing.

(c) Upon Lessor's written request, Lessee shall, with respect to each Lease, deliver to Lessor (i) corporate entity documents, which may include the bylaws, operating agreement, partnership agreement, resolution or corporate action authorizing the transactions contemplated in the Lease; (ii) an incumbency certificate certifying that the person signing this Master Agreement and the Lease holds the office the person purports to hold and has authority to sign on behalf of Lessee; (iii) an opinion of Lessee's counsel with respect to the representations in Section 15(a); (iv) an agreement with Lessor's Assignee with regard to any assignment as referred to in Section 10; (v) the purchase documents if Lessee has sold or assigned its interest in the Equipment to Lessor; (vi) an insurance certificate evidencing the insurance provided by Lessee pursuant to Section 14; and (vii) an Installation Certificate duly executed by Lessee as referred to in Section 2. Failure by Lessee to deliver any of these documents when due may, at Lessor's option, result in a continuation of the Installation Term thus delaying the Base Term Commencement Date or an increase in the Base Monthly Rental to recover costs incurred by Lessor consequent to the delay or the termination of the Lease as provided in Section 16.

## 16. DEFAULT, REMEDIES

(a) The following shall be deemed "Events of Default" under the Lease:

(i) Lessee fails to pay any installment of rent or other charge or amount due under the Lease and such failure continues for twenty (20) days after written notice from Lessor;

(ii) Except as expressly permitted in the Lease, Lessee attempts to remove, sell, encumber, assign or sublease or fails to insure any of the Equipment;

(iii) Any representation or warranty made by Lessee or Lessee's guarantor in the Lease or any document supplied in connection with the Lease or any financial statement is misleading or materially inaccurate;

(iv) Lessee fails to observe or perform any other obligations required under the Lease, and such failure continues uncured for twenty (20) days after written notice from Lessor;

(v) Lessee or Lessee's guarantor ceases doing business as a going concern; makes an assignment for the benefit of creditors; admits its inability to pay its debts as they become due; files a voluntary petition in bankruptcy or is involuntarily placed into a bankruptcy or a receivership action; is adjudicated bankrupt or insolvent; files a petition seeking any reorganization, readjustment, liquidation, dissolution or similar arrangement under any statute, law or regulation; files an answer admitting or fails to deny the material allegations of a complaint or petition filed against it in any such bankruptcy, receivership, reorganization, liquidation or dissolution proceeding; consents to or acquiesces in the appointment of a trustee, receiver, or liquidator for it or of all or any substantial part of its assets or if it or its trustee, receiver, liquidator or shareholders shall take any action to effect its dissolution or liquidation;

(vi) If within ninety (90) days after the commencement of any action against Lessee or Lessee's guarantor seeking reorganization, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, such action is not dismissed, or if within ninety (90) days after the appointment (with or without Lessee's or Lessee's guarantor's consent) of any trustee, receiver or liquidator such appointment is not vacated;

(vii) Lessee or any guarantor of Lessee shall suffer a material adverse change in its financial condition after the date hereof as determined by Lessor in its sole reasonable discretion, including but not limited to a transfer of assets by Lessee or a guarantor of Lessee that would materially impact the financial condition of Lessee or any guarantor of Lessee, or there shall occur a material substantial change in ownership of the outstanding stock or membership interest of the Lessee, any subsidiary of Lessee or a material substantial change in its board of directors, members or partners, and such change in control results in a material adverse change in Lessee's financial condition;

(viii) Lessee is in default of any other Schedule or agreement executed with Lessor or under any agreement with any other party that in Lessor's sole reasonable opinion is a material agreement; or shall fail to sign and deliver to Lessor any document requested by Lessor in connection with this Master Agreement or shall fail to do anything determined by Lessor to be necessary or desirable to effectuate the transaction contemplated by this Master Agreement or to protect Lessor's rights and interest in this Master Agreement and Equipment; or shall fail to provide financial statements to Lessor as provided for in Section 15 (b) hereof;

(ix) Lessee breaches any license or other agreement for software relating to the Equipment; and/or

(x) Failure of Lessee to promptly execute and deliver to Lessor any document required under Section 10 of this Master Agreement.

(b) Lessee shall immediately notify in writing Lessor of the occurrence of an Event of Default or any event that would reasonably become an Event of Default. Upon the happening of any Event of Default, Lessor may declare the Lessee to be in default. Upon a declaration or notice of default, Lessor may immediately apply the Security Deposits (as defined and set forth in Section 18) to any one or more of the obligations of Lessee to Lessor, including unpaid rent, fees, costs, charges, expenses and/or the Stipulated Loss Value (as defined and set forth in Section 13) or as otherwise provided for in any Schedule to this Master Agreement. The application of the Security Deposits shall not be in lieu of, but shall be in addition to all other remedies available to Lessor under the Master Agreement and applicable law. Lessee authorizes Lessor at any time thereafter, with or without terminating the Lease, to enter any premises where the Equipment may be and take possession of the Equipment. Lessee shall, upon such declaration or notice of default, without further demand, immediately pay Lessor an amount which is equal to (i) any unpaid amount due on or before Lessor declared the Lease to be in default, plus (ii) the greater of (a) the sum of the remaining monthly rentals and other amounts owed under the Lease, including interest, as provided herein, or (b) as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the Stipulated Loss Value for the Equipment computed as of the date the last rental payment was due prior to the date Lessor declared the Lease to be in default, together with interest, as provided herein, plus (iii) all reasonable attorney fees and court costs incurred by Lessor relating to the enforcement of its rights under the Lease. After an Event of Default, at the request of Lessor and to the extent requested by Lessor, Lessee shall immediately comply with the provisions of Section 6(d) and Lessor may sell the Equipment at a private or public sale, in bulk or in parcels, with or without notice, without having the Equipment present at the place of sale; or Lessor may lease, otherwise dispose of or keep idle all or part of the Equipment, subject, however, to its obligation to mitigate damages. The proceeds of sale, lease or other disposition, if any, of the Equipment shall be applied: (1) to all Lessor's reasonable costs, charges and expenses incurred in taking, removing, holding, repairing, selling, leasing or otherwise disposing of the Equipment including actual attorney fees; then (2) to Lessor in an amount equal to the greater of (a) the sum of the remaining monthly rentals and other amounts owed under the Lease, or (b) the Stipulated Loss Value for the Equipment and all other sums owed by Lessee under the Lease; plus any unpaid rent which accrued to the date Lessor declared the Lease to be in default; plus, any indemnities that remain unpaid under the Lease; and (3) any surplus shall be retained by Lessor. Lessee shall pay any deficiency in (1) and (2) immediately. If Lessee breaches Section 19(l) of this Master Agreement with regard to Software (as hereinafter defined in Section 19(l)), Lessee shall be liable to Lessor for additional damages in an amount equal to the original purchase price paid by Lessor for the Software and, at Lessor's option, Lessor shall also be entitled to injunctive and other equitable relief. The exercise of any of the foregoing remedies by Lessor shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing. Lessor may also proceed by appropriate court action, either at law or in equity, to enforce performance by Lessee of the applicable covenants of the Lease or to recover damages for the breach of the Lease. Upon the happening of an Event of Default by Lessee with regard to Software under Section 19(l) of this Lease, Lessor may elect any of the following remedies: (i) by notice to Lessee, declare any license agreement with respect to Software terminated, in which event the right and License of Lessee to use the Software shall immediately terminate and Lessee shall thereupon cease all use of the Software and return all copies thereof to Lessor or original Licensor; (ii) have access to and disable the Software by any means deemed necessary by Lessor, for which purposes Lessee hereby expressly consents to such access and disablement, promises to take no action that would prevent or interfere with Lessor's ability to perform such access and disablement, and waives and releases any and all claims that it has or might otherwise have for any and all losses, damages, expenses, or other detriment that it might suffer as a result of such access and disablement. Lessee agrees that the detriment that Lessor will suffer as a result of a breach by Lessee of the obligations contained in this Master Agreement cannot be adequately compensated by monetary damages, and therefore, Lessor shall be entitled to injunctive and other equitable relief to enforce the provisions of this paragraph. LESSEE AGREES THAT LESSOR SHALL HAVE NO DUTY TO MITIGATE LESSOR'S DAMAGES UNDER ANY SCHEDULE BY TAKING LEGAL ACTION TO RECOVER THE SOFTWARE FROM LESSEE OR ANY THIRD PARTY, OR TO DISPOSE OF THE SOFTWARE BY SALE, RE-LEASE OR OTHERWISE.

(c) The waiver by Lessor of any breach of any obligation of Lessee shall not be deemed a waiver of any future breach of the same or any other obligation. The subsequent acceptance of rental payments under the Lease by Lessor shall not be deemed a waiver of any such prior existing breach at the time of acceptance of such rental payments. The rights afforded Lessor under Section 16 shall be cumulative and concurrent and shall be in addition to every other right or remedy provided for the Lease or now or later existing in law (including as appropriate all the rights of a secured party or lessor under the UCC, PPSA or other applicable law governing secured transactions) or in equity and Lessor's exercise or attempted exercise of such rights or remedies shall not preclude the simultaneous or later exercise of any or all other rights or remedies.

(d) In the event Lessee fails to perform any of its obligations under the Lease, Lessor may perform the same at the cost and expense of Lessee. In any such event, Lessee shall promptly reimburse Lessor for any such costs and expenses incurred by Lessor.

(e) [RESERVED]

(f) Upon an Event of Default as defined herein (“Trigger Event”), Lessee hereby grants to Lessor a security interest in all currently existing and hereafter acquired or arising assets, property and proceeds thereof belonging to Lessee and its subsidiaries, including any and all goods, chattels, fixtures, equipment, assets, accounts receivable, contract rights, general intangibles and property of every kind wherever located in which Lessee or its subsidiaries has any interest and proceeds thereof, to secure prompt payment and performance of all its obligations under the Master Agreement and Lease. Upon the occurrence of a Trigger Event, the foregoing grant shall automatically be effective and Lessor shall have the right to file financing statements (e.g. UCC-1) under the applicable UCC, PPSA or other applicable law governing secured transactions. Lessee hereby authorizes Lessor to make such filings immediately upon the occurrence of a Trigger Event and will, upon Lessor’s request, take such further actions and execute and deliver such other documents, at its expense, as Lessor may request to perfect and protect its security interest granted hereby. Lessee acknowledges and agrees that the foregoing grant of security interest is in addition to and shall in no way affect or alter any existing security interest(s) granted to Lessor under this Master Agreement.

#### **17. LESSOR’S TAX BENEFITS**

Lessee acknowledges that Lessor shall be entitled to claim all tax benefits, credits and deductions related to the Equipment for federal income tax purposes including, without limitation: (i) deductions on Lessor’s cost of the Equipment for each of its tax years during the term of the Lease under any method of depreciation or other cost recovery formula permitted by the Tax Code, and (ii) interest deductions as permitted by the Tax Code on the aggregate interest paid to any Assignee (hereinafter collectively “Lessor’s Tax Benefits”). Lessee agrees to take no action inconsistent (including the voluntary substitution of Equipment) with the foregoing or which would result in the loss, disallowance, recapture or unavailability to Lessor of Lessor’s Tax Benefits. Lessee hereby indemnifies Lessor and its Assignee(s) from and against (a) any loss, disallowance, unavailability or recapture of Lessor’s Tax Benefits resulting from any act or failure to act of Lessee that is a material breach of this Master Agreement or a Lease, including replacement of the Equipment, plus (b) all interest, penalties, costs, reasonable and actual attorney fees or additions to tax resulting from such loss, disallowance, unavailability or recapture that arises from material breach of this Master Agreement or a Lease on the part of Lessee.

#### **18. SECURITY DEPOSIT**

In the event a Schedule requires that one or more security deposits be provided to Lessor (the “Security Deposits”), Lessor acknowledges receipt of the Security Deposits and Lessee grants to Lessor a security interest in each of the Security Deposits, to secure all obligations of Lessee under this Master Agreement and all Schedules hereto, including but not limited to all payment obligations and all other obligations of Lessee to Lessor for which Lessee is now or may in the future become liable. Lessee authorizes Lessor to file all financing statements, amendments to financing statements and other documents as may be required, if any, with any public filing agency in any jurisdiction, to advise of Lessor’s interest in the Security Deposits. Lessee agrees to execute such additional documents or instruments as may be deemed advisable or necessary by Lessor in order to maintain and continue such security interest.

#### **19. GENERAL**

(a) The Lease shall be deemed to have been made and delivered in the State of Michigan and shall be governed in all respects by the laws of such State. LESSEE AGREES TO SUBMIT TO THE JURISDICTION OF THE STATE AND/OR FEDERAL COURTS IN THE STATE OF MICHIGAN IN ALL MATTERS RELATING TO THE LEASE, THE EQUIPMENT, AND THE CONDUCT OF THE RELATIONSHIP BETWEEN LESSOR AND LESSEE. THE PARTIES HERETO AGREE THAT IN THE EVENT OF AN ALLEGED BREACH OF THIS MASTER AGREEMENT OR ANY DOCUMENTS RELATING THERETO BY EITHER PARTY, OR ANY CONTROVERSIES ARISE BETWEEN THE PARTIES RELATING TO THIS MASTER AGREEMENT OR ANY DOCUMENTS RELATING THERETO, SUCH CONTROVERSIES SHALL BE TRIED BY A JUDGE ALONE BEFORE THE FEDERAL OR STATE COURTS IN OAKLAND COUNTY, MICHIGAN. THE PARTIES, HAVING HAD THE OPPORTUNITY TO CONSULT WITH INDEPENDENT COUNSEL OF THEIR OWN CHOOSING, HEREBY KNOWINGLY AND VOLUNTARILY CONSENT TO MICHIGAN JURISDICTION AS SET FORTH HEREIN AND WAIVE THEIR RIGHTS TO A TRIAL BY JURY IN ANY MATTER RELATING TO THIS MASTER AGREEMENT OR ANY DOCUMENTS RELATED THERETO. IN THE EVENT THAT ANY CASE, LAWSUIT OR CLAIMS ARE FILED BETWEEN THE PARTIES ARISING OUT OF THIS AGREEMENT OR A LEASE, THE PREVAILING PARTY SHALL BE ENTITLED TO ITS REASONABLE ATTORNEY FEES AND COURT COSTS.

(b) Provided no Event of Default has occurred and is continuing, and provided no Event of Default or event which with the giving of written notice or lapse of time, or both, would constitute an Event of Default has occurred and is continuing, upon the completion of the Base Term of any Schedule, Lessee shall, upon giving ninety (90) days prior written notice to Lessor by certified mail, elect one of the following options: (i) purchase all, but not less than all, of the Items of Equipment on the applicable Schedule for a price to be agreed upon by both Lessor and any applicable Assignee and Lessee, (ii) extend the Schedule for all, but not less than all, of the Items of Equipment on the applicable Schedule for an additional twelve (12) months at the Base Monthly Rental then in effect or (iii) return all, but not less than all of the Items of Equipment on the applicable Schedule to Lessor at Lessee’s expense to a destination within the Continental United States as directed by Lessor, provided that for option (iii) to apply, Lessee shall have paid all late charges, interest, taxes, penalties due under the Lease, Lessee agrees to pay to Lessor an additional per diem rent (“Hold Over Rent”) in an amount equal to one hundred twenty five percent (125%) of the Base Monthly Rental then in effect divided by thirty (30) until all Items of Equipment are received by Lessor, Lessee shall have complied with Sections 6 (a), (b), (c) and Section 7 hereof, and Lessee shall immediately pay to Lessor a Terminal Rental Adjustment Cost (“TRAC”) in an amount equal to subsection (ii) above. Provided that Lessee selects option (iii), Lessor shall use its best efforts to remarket the Equipment and remit to Lessee any amount collected by Lessor less its reasonable remarketing costs which shall include, without limitation, costs of repossession, reconfiguration, de-installation and installation, refurbishment, storage, and freight charges and legal fees, whether in house or to third parties. With respect to option (i) and option (iii), both Lessor and Lessee shall have absolute and sole discretion regarding the terms and conditions of the agreement to the purchase price of the Equipment. In the event that Lessor and Lessee have not agreed to either option (i) or option (iii) by the conclusion of the Base Term, or if Lessee fails to provide notice of its election via certified mail at least ninety (90) days prior to the termination of the Base Term, then option (ii) shall automatically apply at the end of the Base Term. At the conclusion of option (ii) above, the Lease shall continue for successive six (6) month renewals at the payment specified on the respective Schedule until either Lessee or Lessor provide the other party with at least thirty (30) days written notice of their desire to terminate the agreement.

(c) This Master Agreement and the Lease constitute the entire and only agreement between Lessee and Lessor with respect to the lease of the Equipment, and the parties have only those rights and have incurred only those obligations as specifically set forth herein. The covenants, conditions, terms and provisions may not be waived or modified orally and shall supersede all previous proposals, both oral and written, negotiations, representations, commitments or agreements between the parties. The Lease may not be amended or discharged except by a subsequent written agreement entered into by duly authorized representatives of Lessor and Lessee. A photocopy or facsimile or scanned reproduction of an original signature of a party to this Agreement shall bind that party to the terms, conditions and covenants of the Agreement as if it were the original.

/s/ Arun K. Jeldi

CO-LESSEE INITIALS

/s/ Kenneth D. Thieneman

CO-LESSEE INITIALS

(d) All notices, consents or requests desired or required to be given under the Lease shall be in writing and shall be sent by certified mail, return, receipt requested, or by courier service to the address of the other party set forth in the introduction of this Master Agreement or to such other address as such party shall have designated by proper notice.

(e) Each Schedule shall be executed with one original. Lessee consents to signing this Master Agreement and other documents required by the Lease as provided herein through an electronic means such as a "e-signature" or electronic marking in a mechanism and form required by Lessor, which may require dual authentication, to the extent Lessor requests that Lessee sign documents electronically. To the extent that a Schedule constitutes chattel paper, a security interest in the Schedule may only be created through the transfer or possession of the original Schedule, however it may be marked "Original". This Master Agreement, in the form of a photocopy, is Exhibit A to the Schedule and is not chattel paper by itself.

(f) Section headings are for convenience only and shall not be construed as part of the Lease.

(g) It is expressly understood that all of the Equipment shall be and remain personal property, notwithstanding the manner in which the same may be attached or affixed to realty, and, upon Lessor's request, Lessee shall secure from its mortgagee, landlord or owner of the premises a waiver in a form containing substance that is reasonably satisfactory to Lessor.

(h) Lessor may upon written notice to Lessee advise Lessee that certain Items supplied to Lessee are leased to Lessor and supplied to Lessee under the Lease as a sublease. Lessee agrees to execute and deliver such acknowledgements and assignments in connection with such a Lease as are reasonably required. If at any time during the term of the Lease Lessor's right to lease such Equipment expires, Lessor may remove such Equipment from Lessee's premises and shall promptly provide identical substitute Equipment so as not to cause any interruption or disruption of Lessee's business operations or activities. All expenses of such substitution, including de-installation, installation and transportation expenses, shall be borne by Lessor.

(i) Prior to the delivery of any Item, the obligations of Lessor hereunder shall be suspended to the extent that it is hindered or prevented from complying therewith because of: labor disturbances, including strikes and lockouts; acts of God; pandemics; fires; storms; accidents; failure to deliver any Item; governmental regulations or interferences or any cause whatsoever not within the sole control of Lessor.

(j) Lessee hereby acknowledges and agrees that it has had a full and fair opportunity to read each of the terms and conditions of this Master Agreement, specifically Sections 2, 16 and 19, and that Lessee fully understands the terms and conditions herein, having had the opportunity to consult with an attorney of its own choosing prior to executing this Master Agreement and any related documents.

/s/ Arun K. Jeldi

CO-LESSEE INITIALS

/s/ Kenneth D. Thieneman

CO-LESSEE INITIALS

(k) Any provision of this Master Agreement or any Schedule deemed to be unlawful or unenforceable shall be ineffective without invalidating the remaining provisions of this Master Agreement and such Schedule.

(l) In the event the Equipment includes software (which Lessee agrees shall include all documentation, later versions, updates, upgrades, and modifications) (herein "Software"), the following shall apply: (i) Lessee shall possess and use the Software in accordance with the terms and conditions of any license agreement ("License") entered into with the owner/vendor of such Software and shall not breach the License (at Lessor's request, Lessee shall provide a complete copy of the License to Lessor); (ii) Lessee agrees that Lessor shall have an interest in the License and Software arising out of its payment of the price thereof and is an assignee or third party beneficiary of the License; (iii) as due consideration of Lessor's payment of the License and Software and for providing the Software to Lessee at a lease rate (as opposed to a debt rate), Lessee agrees that Lessor is leasing (and not financing) the Software to Lessee; (iv) except for the original price paid by Lessor, Lessee shall, at its own expense, pay promptly when due all servicing fees, maintenance fees update and upgrade costs, modification cost, and all other costs and expenses relating to the Software and maintain the License in effect during the term of the Lease; and (v) the Software shall be deemed Equipment for all purposes under the Lease.

(m) The parties agree that this is a "Finance Lease" as defined by section 2A-103(g) of the UCC. Lessee acknowledges either (a) that Lessee has reviewed and approved any written Supply Contract (as defined by UCC 2-A-103(y)) covering the Equipment purchased from the Supplier (as defined by UCC 2A-103(x)) thereof for lease to Lessee or (b) that Lessor has informed or advised Lessee, in writing, either previously or by this Lease of the following: (i) the identity of the Supplier, (ii) that the Lessee may have rights under the Supply Contract; and (iii) that the Lessee may contact the Supplier for a description of any such rights Lessee may have under the Supply Contract.

Lessee hereby waives any and all rights and remedies granted to Lessee by Sections 303 and 508 through 522 of Articles 2A of the UCC (although no such waiver shall constitute a waiver of any of Lessee's rights or remedies against the manufacturer of the Equipment).



(n) The parties acknowledge that serial numbers and/or other identifiable information for one or more Items may be unavailable prior to execution of the applicable Schedule. In the event a Schedule fails to indicate serial numbers or other identifiable information or incorrectly identifies serial numbers or other identifiable information, for one or more Items after execution of the applicable Schedule, Lessee expressly consents to Lessor’s unilateral amendment of the applicable Schedule to insert or correct serial numbers or other identifiable information therein.

(o) Lessee hereby authorizes and appoints Lessor and Lessor’s agents and assigns as Lessee’s attorney-in-fact to execute acknowledgement letters and other documents required to be executed by Lessee to perfect any security interest with regard to a Schedule.

The parties have executed this Master Lease Agreement as of the date first written above.

LESSOR:  
VARILEASE FINANCE, INC.

By: /s/ Helen Hill  
Name: Helen Hill  
Title: Vice President

CO-LESSEE:  
VELO3D, INC.

By: /s/ Arun K. Jeldi  
Name: Arun K. Jeldi  
Title: Chief Executive Officer

CO-LESSEE:  
THIENEMAN CONSTRUCTION, INC.

By: /s/ Kenneth D. Thieneman  
Name: Kenneth D. Thieneman  
Title: Chief Executive Officer

CO-LESSEE:  
VELO3D US, Inc.

By: /s/ Arun K. Jeldi  
Name: Arun K. Jeldi  
Title: Chief Executive Officer



## SCHEDULE NO. 01

SCHEDULE NO. 01 dated December 8, 2025 (the “Schedule”) between VARILEASE FINANCE, INC. (the “Lessor”); VELO3D, INC. (“Co-Lessee”); THIENEMAN CONSTRUCTION, INC. (“Co-Lessee” or “Thieneman”); and VELO3D US, INC. (“Co-Lessee”) (Co-Lessees hereinafter referred to collectively as “Lessee”) incorporates by reference the terms and conditions of Master Lease Agreement dated December 8, 2025 between Lessor and Lessee (the “Master Agreement”) and constitutes a separate lease between Lessor and Lessee. The Schedule and Master Agreement are hereinafter referred to collectively as the “Lease.” All capitalized terms used herein but not defined herein shall have the same meanings ascribed to them in the Master Agreement.

1. Equipment: Assorted Velo3D Sapphire and Sapphire XC metal 3D printers, and post processing tools as approved by Lessor together with all other equipment and property hereafter purchased pursuant to the terms of the Lease, and any and all additions, enhancements and replacements thereto (collectively, the “Equipment”). Software and soft costs, collectively shall not exceed ten percent (10%) of the Total Equipment Cost.

The Equipment shall be more fully and completely described in an Installation Certificate, which shall later be executed by Lessee in connection with the Schedule. Upon Lessee’s execution thereof, this section shall be automatically amended to include all equipment and property described in the Installation Certificate.

2. Equipment Location: 2710 Lakeview Court, Fremont, CA 94538

Upon Lessee’s execution of an Installation Certificate in connection with this Schedule, this section shall be automatically amended to include any additional locations specified in the Installation Certificate.

3. Total Equipment Cost: Not to exceed \$15,000,000.00, which shall be adjusted upon completion of the incremental funding.
4. Base Term: 36 Months
5. Base Monthly Rental: \$466,500.00 (plus applicable sales/use tax), which is calculated by multiplying the Base Lease Rate Factor by the Total Equipment Cost and shall be adjusted upon completion of the incremental funding.
6. Advance Payment: \$466,500.00 applied to the last rental(s) (plus applicable sales/use tax), which is calculated by multiplying the Base Lease Rate Factor by the Total Equipment Cost and shall be adjusted upon completion of the incremental funding. Lessee shall pay the last rental(s) in advance upon the execution of this Schedule. Lessee acknowledges and agrees that, notwithstanding anything to the contrary herein, this payment is non-refundable to Lessee under any circumstances, including, without limitation, any termination of this Lease for any reason prior to the end of its scheduled term. This payment shall be deemed earned by Lessor, and upon receipt by Lessor, shall immediately be applied to satisfy Lessee’s obligation to make the last rental.
7. Base Lease Rate Factor: 0.03110
8. Floating Lease Rate Factor: The Base Lease Rate Factor shown in Section 7, which is used to calculate the Base Monthly Rental, shall increase 0.00008775 for every five (5) basis point increase in 36-month U.S. Treasury Notes, until all Items of Equipment have been installed, at which point the date set forth on the Installation Certificate of the Lease shall have occurred. The 36-month U.S. Treasury Note yield used as the basis for the derivation of the Base Lease Rate Factor contained herein is 3.23%.
9. Equipment Return Location: To Be Advised
10. Special Terms:
  - a. Authorization for Automatic Withdrawals: Lessee hereby authorizes Lessor or its assigns to electronically transfer all rental payments and other sums required to fulfill Lessee’s contractual obligation under the Lease from Lessee’s account maintained with its financial institution, and Lessee agrees to execute and deliver an Authorization Agreement for Automatic Withdrawals to Lessor to effect such transfers. Failure or refusal of Lessee to authorize such transfers or failure of Lessor or its assigns to receive such payments by electronic transfer shall constitute an additional Event of Default under Section 16(a) of the Master Agreement.
  - b. Co-Lessees: For purposes of the Master Agreement, this Schedule and associated documents, Velo3D, Inc.; Thieneman Construction, Inc.; and Velo3D US, Inc. as Co-Lessees agree that each will be jointly and severally liable for the performance of all obligations and bound to all terms and conditions as Lessee which will include but not be limited to the payment of Base Monthly Rental, and any other amounts which are now due or will become due and payable pursuant to the terms hereof. For purposes hereof, the term “Lessee” wherever it appears will refer to all Co-Lessees, unless otherwise noted or agreed to by the parties. The Co-Lessees further agree that any authorized signature of any Co-Lessee is authorized to bind all Co-Lessees with respect to the Master Agreement, this Schedule and any associated documents. Any notice required under the Master Agreement or this Schedule which is received by any Lessee as a Co-Lessee from Lessor will be deemed to have been received by all Co-Lessees.
  - c. Debt Subordination: Notwithstanding anything to the contrary in the Lease, any default by Lessee under the terms of (i) the Debt Subordination Agreements dated December 8, 2025 between Lessee, as Debtor, Thieneman Properties, LLC, as Creditor, and Lessor and (ii) the Debt Subordination Agreement dated December 8, 2025 between Lessee, as Debtor, Thieneman Construction, Inc., as Creditor, and Lessor, shall also constitute an event of default under the terms of the Lease, for which Lessor shall be permitted to exercise any of its remedies therein.

- d. **Rate Protection Option:** At any time after the eighteenth (18th) Base Monthly Rental is made to Lessor, and provided no default has occurred or is continuing under the Lease, Lessee may request that Lessor refinance the remaining amounts owed under the Lease to Lessor's then prevailing market rates. Such refinance will be subject to the approval of Lessor in its sole discretion, and Lessee will not be subject to any pre-payment penalties or refinance fees.
- e. **Sale Leaseback:** Notwithstanding anything to the contrary herein, the parties acknowledge and agree that all or a portion of this transaction is structured as a sale leaseback, whereby Lessor shall purchase the Equipment from Lessee for purposes of leasing the Equipment back to Lessee in accordance with the terms and conditions set forth in the Sale and Leaseback Agreement dated December 8, 2025, which is incorporated herein. Lessee acknowledges that Lessor's commitment to fund is subject to Lessor's receipt of a certified UCC lien search of Lessee and receipt of necessary lien releases and/or subordination of interest letter(s) in a form acceptable to Lessor in its sole discretion, relating to security interests or other encumbrances with respect to the Equipment.
- f. **Security Interest in Equipment:** Lessee is hereby prohibited from granting a security interest in the Equipment to any other party. Further, Lessee is required to promptly notify Lessor of any financing, loan or lease that is secured by Lessee's "inventory", as that term is defined in Article 9 of the Uniform Commercial Code.
- g. **Sale of Equipment:** Lessee is prohibited from selling any Item of Equipment unless Lessee obtains Lessor's prior written consent prior to such sale.
- h. **Additional Funding Condition:** Notwithstanding anything to the contrary herein, Lessee acknowledges and agrees that the initial funding amount is \$10,000,000.00. Lessee further acknowledges and agrees that the Total Equipment Cost may exceed \$10,000,000.00 upon Lessor's receipt and review of Thieneman's audited financial statements for the year ending 12/31/2025, and Lessor's satisfaction with Thieneman's financials. The Base Monthly Rental is calculated by multiplying the Base Lease Rate Factor by the Total Equipment Cost and shall be adjusted upon completion of the incremental funding.
- i. **Master Agreement Amendment:** For purposes of this Schedule only, provided no Event of Default has occurred and is continuing under the Lease, Section 2(b) of the Master Agreement shall be amended by deleting the last two sentences in their entirety and replacing them with the following:

"During the term of the Lease, Lessee grants to Varilease Finance, Inc. as secured party on behalf of each Lessor under this Master Agreement and any Schedule hereto a security interest in any and all goods, chattels, fixtures, equipment, assets, accounts receivable, and property of every kind wherever located in which Lessee has any interest and the proceeds thereof, and agrees that any security interest created by this Master Agreement secures any and all obligations of Lessee and those of any affiliate of Lessee to Lessor whether now in existence and/or to come into existence. No lien or security interest of any nature in Lessee's general intangibles, including, without limitation, intellectual property shall be granted to Lessor or Assignee. The foregoing grant shall automatically be effective and each Lessor and Assignee, as defined in Section 10, shall have the right to file financing statements or other instruments under the Uniform Commercial Code ("UCC"), Personal Property Security Act ("PPSA") or other applicable law governing secured transactions for informational purposes. Upon written request of Lessee, Lessor shall execute all written documentation reasonably necessary to subordinate Lessor's lien and security interest to the lien and security interest of any other lender to Lessee, whether such lender's lien and security interest exists now or at a later date during the term of the Lease. Upon an uncured Event of Default on the part of Lessee under this Agreement and/or any Schedule, Lessor agrees that prior to Lessor's enforcement of any rights that it may have under this § 2(b), Lessor shall, first seek to enforce its remedies and obtain a recovery for amounts due to Lessor through recovery and repossession of the Equipment. Only after Lessor has exhausted its rights and remedies of enforcement as to the Equipment, and Lessor has not recovered the full, outstanding amounts due and owing to Lessor, shall Lessor be entitled to enforce its rights and remedies through enforcement of the lien and security interest granted in this § 2(b).

All other terms and conditions of the Master Agreement shall continue in full force and effect without change.

- j. **Master Agreement Amendment:** For purposes of this Schedule only, provided no Event of Default has occurred and is continuing, or an event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, Section 19(b) of the Master Agreement shall be amended by deleting the last sentence in its entirety and replacing it with the following:

"At the conclusion of option (ii) above, provided Lessee has made all rental payments, and other sums required to fulfill Lessee's contractual obligation under the Lease, including, but not limited to (i) any applicable sales tax, (ii) all unpaid property taxes, (iii) all accrued but unbilled property taxes, and (iv) all unpaid late charges, and provided no Event of Default has occurred and is continuing, and no event which with the giving of notice or lapse of time, or both, would constitute an Event of Default has occurred and is continuing, all of Lessor's right, title and interest in the Equipment shall transfer to Lessee, or if the Equipment includes software which is subject to a license, then all of Lessor's right and interest in and to the software shall transfer to Lessee, and the Lease shall terminate."

All other terms and conditions of the Master Agreement shall remain in full force and effect without change.

Lessee's execution and delivery of this Schedule shall constitute its offer to lease the Equipment described herein upon the terms and conditions set forth herein. Lessor's subsequent execution of this Schedule in Michigan and delivery to Lessee shall constitute its acceptance of the Lease. The Lease shall be deemed made in Michigan.

Upon Lessor’s request, Lessee hereby agrees to provide evidence of Lessee’s identity to comply with any applicable law, rule or regulation, including, but not limited to, Section 326 of the “Patriot Act” signed into law on October 26, 2001.

Notwithstanding anything herein or in the Master Agreement to the contrary, Lessee acknowledges and agrees, that Lessor shall be entitled to claim for federal income tax purposes, without limitation, all benefits, credits and deductions related to the Equipment.

Lessee acknowledges that this Schedule authorizes the Lessor, its agents or assignee(s) to sign, execute and file on its behalf any and all necessary documents, including financing statements, other filings and recordings, to make public this lease transaction. The parties intend this transaction to be a true lease, but if any court or tribunal, having power to bind the parties, should conclude that all or part of this Schedule is not a true lease but is in the nature of a sale, consignment, or other transaction, the parties intend and the Lessee hereby grants a continuing security interest in the Equipment and other personal property described in the Master Agreement, whether now owned or hereafter acquired, from the date of this Schedule to secure the payment of all Lessee’s indebtedness to Lessor. In the event serial numbers for Items are unavailable upon execution hereof, Lessee authorizes Lessor to amend this Schedule by inserting correct serial numbers with respect to those Items.

THIS SCHEDULE TOGETHER WITH THE MASTER AGREEMENT AND ANY ADDITIONAL PROVISION(S) REFERRED TO IN ITEM 10 CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE LESSOR AND LESSEE AS TO THE LEASE AND THE EQUIPMENT.

LESSOR:	CO-LESSEE:
VARILEASE FINANCE, INC.	VELO3D, INC.
By: /s/ Helen Hill	By: /s/ Arun Jeldi
Name: Helen Hill	Name: Arun Jeldi
Title: Vice President	Title: Chief Executive Officer
CO-LESSEE:	CO-LESSEE:
THIENEMAN CONSTRUCTION, INC.	VELO3D US, INC.
By: /s/ Kenneth D. Thieneman	By: /s/ Arun Jeldi
Name: Kenneth D. Thieneman	Name: Arun Jeldi
Title: Chief Executive Officer	Title: Chief Executive Officer



2800 E. Cottonwood Parkway, 2<sup>nd</sup> Floor, Salt Lake City, UT 84121  
www.vfi.net | 801.733.8100

### DEBT SUBORDINATION AGREEMENT

THIS DEBT SUBORDINATION AGREEMENT (the "Agreement") is made as of \_\_\_\_\_, by and among, \_\_\_\_\_ (the "Debtor"); VARILEASE FINANCE, INC., a Michigan corporation, having its chief executive offices at 2800 East Cottonwood Parkway, 2<sup>nd</sup> Floor, Salt Lake City, UT 84121 (the "Lessor"); and \_\_\_\_\_ (the "Creditor").

WHEREAS, Debtor, as lessee has entered or will enter into Schedule No. \_\_\_\_ dated \_\_\_\_\_ ("Schedule") to Master Lease Agreement dated \_\_\_\_\_ ("Master Agreement") by and between lessee, and Lessor, as lessor. The Schedule and the Master Agreement are hereinafter referred to collectively as the "Lease". All terms used herein and not defined herein shall have the same meanings ascribed to them in the Lease.

WHEREAS, pursuant to the Lease, Lessor has agreed to purchase and lease to Debtor Equipment as more fully described in the Lease, and Lessor's purchase of the Equipment and the Lease is conditioned upon Lessor having priority over any security interest or other claim now or hereafter asserted by Creditor with respect to the Equipment or the proceeds thereof, as identified in Exhibit A.

WHEREAS, as of the date of this Agreement, Debtor is indebted to Creditor in the total amount of \$ \_\_\_\_\_ (the "Obligation"). The Obligation together with all renewals, extensions, modifications and substitutions, including principal, interest, and all costs and reasonable attorneys' fees relating to the Obligation, is hereinafter referred to collectively as the "Subordinated Obligation".

WHEREAS, Lessor is unwilling to purchase and lease the Equipment to Debtor unless the Creditor executes this Agreement and agrees to the terms and conditions herein.

NOW THEREFORE, in consideration of the Lease and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, based on the representations and acknowledgements contained in this Agreement, the Creditor, the Debtor and Lessor agree as follows:

1. Notwithstanding any security agreement or other instrument heretofore or hereafter entered into between Creditor and Debtor or any financing statement heretofore or hereafter filed by Creditor against Debtor, or any of the co-lessees under the Lease, Creditor hereby agrees that any security interest, lien, claim or right now or hereafter asserted by Creditor with respect to the Equipment or the proceeds thereof, shall be subject, junior and subordinate to any security interest, lien, claim or right now or hereafter asserted by Creditor with respect to the Equipment or the proceeds thereof.
2. The Subordinated Obligation of Debtor to Creditor is and shall be subordinate in all respects to the Lease.
3. Without the prior written consent of Lessor, Creditor will not demand, receive or accept any payment from the Debtor in respect to the Subordinated Obligation until such time that Debtor's obligations under the Lease have been fulfilled.
4. Debtor shall not make any advance, transfer or assign any assets to Creditor in any form whatsoever that would reduce in any way the amount of the Subordinated Obligation.
5. In the event that Creditor receives any payment on the Subordinated Obligation which the Creditor is not entitled to receive under the provisions of this Agreement, the Creditor hereby agrees to hold the amount so received in trust for Lessor and will immediately turn over such payment to Lessor in the form received (except for the endorsement of the Creditor where necessary) for application to the obligations under the Lease. In the event of the failure of the Creditor to make any endorsement required under this Agreement, Lessor, or any of its officers or employees on behalf of Lessor, is hereby irrevocably appointed as attorney-in-fact for Creditor to make the same in the Creditor's name.
6. In the event of any distribution, division, or applications, whether partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of Debtor's assets, or the proceeds of Debtor's assets, in whatever form, to creditors of Debtor or upon any indebtedness of Debtor, whether by reason of the liquidation, dissolution or other winding-up of Debtor, or by reason of any execution sale, receivership, insolvency, or bankruptcy proceeding, assignment for the benefit of creditors, proceedings for reorganization or readjustment of Debtor or Debtor's properties, then and in such event, (a) all obligations under the Lease shall be paid in full before any payment is made upon the Subordinated Obligation, and (b) all payments and distributions, of any kind or character and whether in cash, property, or securities, which shall be payable or deliverable upon or in respect of the Subordinated Obligation shall be paid or delivered directly to Lessor for application in payment of the amounts then due on the Lease until the obligations under the Lease have been paid in full.
7. The Creditor will not commence any action or proceeding against the Debtor to recover all or any part of the Subordinated Obligation, exercise or enforce any right or remedy against the Debtor or its property, or join with any creditor in bringing any proceedings against the Debtor (unless Lessor shall so join) under any bankruptcy, reorganization, readjustment of debt, arrangement of debt, receivership, liquidation or insolvency law or statute of the federal or any state government, unless and until all obligations under the Lease have been fulfilled.

8. If Debtor becomes insolvent or bankrupt, this Agreement shall remain in full force and effect. Any default by Debtor under the terms of the Subordinated Obligation also shall constitute an event of default under the terms of the Lease in favor of Lessor.
9. No waiver is deemed to be made by the Lessor of any of its rights hereunder unless the same is in writing signed by an authorized representative of the Lessor, and each such waiver, if any, is a waiver only with respect to the specific matter or matters to which the waiver relates and in no way impairs the rights of the Lessor or the obligations of the Debtor or the Creditor in any other respect at any time. No prior waiver by Lessor shall constitute a waiver of any of Lessor's rights or of any of Creditor's obligations as to any future transactions. No delay or omission on the part of Lessor in exercising any right shall operate as a waiver of such right or any other right. Whenever the consent of Lessor is required under this Agreement, the granting of such consent by Lessor in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lessor.
10. In all cases where there is more than one Debtor, Lessor or Creditor, then all words used in this Agreement in the singular shall be deemed to have been used in the plural where the context and construction so require. The words "Debtor," "Lessor," and "Creditor" include the heirs, successors, assigns, and transferees of each of them
11. The person who signs this Agreement as or on behalf of Creditor represents and warrants that he or she has authority to execute this Agreement and to subordinate the Subordinated Obligation and the Creditor's security interest in Creditor's property, if any.
12. This Agreement will be governed by, construed and enforced in accordance with the laws of the State of Michigan. This Agreement has been accepted by Lessor in the State of Michigan. Creditor agrees to pay upon demand all of Lessor's costs and expenses, including Lessor's reasonable attorneys' fees and Lessor's legal expenses, incurred in connection with the enforcement of this Agreement.
13. This Agreement, together with any related documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
14. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original and all of which, together, shall constitute one and the same instrument.

DEBTOR AND CREDITOR EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS DEBT SUBORDINATION AGREEMENT, AND DEBTOR AND CREDITOR EACH AGREE TO ITS TERMS.

Dated: \_\_\_\_\_

DEBTOR:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CREDITOR:

By: \_\_\_\_\_  
Accepted: \_\_\_\_\_

LESSOR:  
VARILEASE FINANCE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_