

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT7528216

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST
CONVEYING PARTY DATA	
Name	Execution Date
SAFEGUARD EQUIPMENT, INC.	06/30/2022
RECEIVING PARTY DATA	
Name:	COWLES COMPANY, AS COLLATERAL AGENT
Street Address:	999 W. RIVERSIDE AVENUE
City:	SPOKANE
State/Country:	WASHINGTON
Postal Code:	99201
PROPERTY NUMBERS Total: 5	
Property Type	Number
Patent Number:	11009532
Application Number:	17322343
Application Number:	17746682
Application Number:	16945064
Application Number:	63336620
CORRESPONDENCE DATA	
Fax Number:	(509)323-8979
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>	
Phone:	5093249256
Email:	leann@leehayes.com
Correspondent Name:	LEE & HAYES, PC
Address Line 1:	601 WEST RIVERSIDE, SUITE 1400
Address Line 4:	SPOKANE, WASHINGTON 99201
ATTORNEY DOCKET NUMBER:	A071-0004CP
NAME OF SUBMITTER:	LEANN M SASSMAN
SIGNATURE:	/LeAnn M Sassman/
DATE SIGNED:	09/08/2022
Total Attachments: 26	
source=Safeguard Equipment, Inc. - Securit Agreement#page1.tif	

source=Safeguard Equipment, Inc. - Securit Agreement#page2.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page3.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page4.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page5.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page6.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page7.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page8.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page9.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page10.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page11.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page12.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page13.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page14.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page15.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page16.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page17.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page18.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page19.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page20.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page21.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page22.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page23.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page24.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page25.tif
source=Safeguard Equipment, Inc. - Securit Agreement#page26.tif

**SAFEGUARD EQUIPMENT, INC.
SECURITY AGREEMENT**

This SECURITY AGREEMENT (this "**Agreement**") is entered into as of June 30, 2022, by SAFEGUARD EQUIPMENT, INC. a Washington corporation (the "**Debtor**"), COWLES COMPANY, a Washington corporation, in its capacity as Collateral Agent (as defined below) for the Holders named in Schedule 1 attached hereto (each, a "**Secured Party**" and collectively, the "**Holders**").

RECITALS

A. The Debtor is issuing and selling Convertible Secured Promissory Notes dated concurrently herewith (the "**Notes**") to the Holders pursuant to a Note Purchase Agreement dated concurrently herewith (the "**Note Purchase Agreement**"). Capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to them in the Note Purchase Agreement.

B. Under the Note Purchase Agreement and the Notes, the Debtor's obligations under the Notes and the other Transaction Documents are to be secured by this Agreement granting a first-priority security interest in all of the personal property of the Debtor the Secured Party for the benefit of the Holders and itself, subject only to the security interest held by Washington Trust Bank as of the date of this Note as evidenced by the financing statement filed with the Washington Department of Licensing on February 21, 2020.

C. In order to induce the Holders to purchase the Notes, the Debtor is willing to grant such security interest as provided herein.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS

Unless otherwise defined herein, any terms used herein (whether or not capitalized, such as "accounts," "inventory" and "equipment") which are defined in the Uniform Commercial Code as enacted in the State of Washington, as amended from time to time, shall have the meaning assigned to such term therein. Unless otherwise defined herein, any capitalized terms used herein which are defined in the Notes shall have the meaning assigned to them therein. In addition, the following terms shall have the meaning set forth below: "**Collateral**" means all of the Debtor's personal property and fixtures of any kind or nature whether tangible or intangible and whether now owned or hereafter acquired, wherever located, including without limitation the following:

(i) (a) All goods; (b) all inventory, merchandise, and personal property held for sale or lease or furnished or to be furnished under contracts of service, all raw materials, work in process, or materials used or consumed in Debtor's business, wherever located and whether in the possession of the Debtor, a warehouseman, a bailee, or any other person; (c) all equipment, machinery, tools, office equipment, supplies, furnishings, furniture, or other items used or useful, directly or indirectly, in the Debtor's business, (d) all fixtures; and (e) all substitutes and replacements therefore, all accessions, attachments, and other additions thereto, all tools, parts and

supplies used in connection therewith, all packaging, manuals, warranties and instructions related thereto, and all leasehold or equitable interests therein;

(ii) (a) All accounts, accounts receivable, contract rights, contracts receivable, purchase orders, notes, drafts, acceptances, and other rights to payment and receivables; (b) all chattel paper (whether tangible or electronic), documents and instruments (including promissory notes); (c) all money and deposit accounts; (d) all letter of credit rights (whether or not the letter of credit is evidenced by a writing), rights under security, guaranties or other supporting obligations, tort claims and proceeds, insurance claims and proceeds, and tax refund claims and proceeds; (e) all securities and other investment property; (f) all general intangibles and payment intangibles, (g) all patents and patent applications and registrations, trademarks and trademark applications and registrations, service marks and service mark applications and registrations, and copyrights and copyright applications and registrations (collectively the **"Patents, Trademarks and Copyrights"**), including without limitation the patents, patent applications, trademarks and trademark applications and copyrights and copyright applications owned by the Debtor listed on Schedule 2 hereto; provided, however, that any United States intent-to-use trademark applications shall not be part of the Collateral to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, and that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall then be part of the Collateral; (h) all trade names, trade styles, goodwill, inventions, designs, methods, processes, technology, knowhow, intellectual property, drawings, specifications, blue prints, confidential information, trade secrets, customer lists, supplier lists, software and computer programs, mask works, and mask work applications and registrations; (i) all license agreements, franchise agreements and other licenses, permits, franchises, and agreements of any kind or nature pursuant to which the Debtor licenses, possesses, uses or has authority to possess or use any property (whether tangible or intangible) of any other party, including without limitation the license and other agreements listed on Schedule 3 hereto (j) all license agreements franchise agreements and other licenses, permits, franchises, and agreements of any kind and nature pursuant to which any other party licenses, possesses, uses or has authority to possess or use any property (whether tangible or intangible) of the Debtor, including without limitation the license and other agreements listed on Schedule 4 hereto, (k) all infringement and commercial tort claims; and (l) all business records, software, writings, plans, specifications, schematics, and other recorded data in any form; and

(iii) All products and proceeds of the foregoing and all other property received or receivable in disposition of or exchange of the foregoing.

"Event of Default" has the meaning set forth in the Notes.

"Major Noteholder Majority" has the meaning set forth in the Notes.

"Obligations" means any and all obligations and liabilities of any kind or nature of the Debtor to the Holders or the Secured Party, whether now existing or hereafter incurred, including without limitation those arising out of or in connection with the Notes, this Agreement, the other Transaction Documents or any other agreements with the Holders or the Secured Party. The

Obligations shall specifically include any and all principal, interest (including without limitation interest that, but for the filing of a petition in bankruptcy, would accrue on such obligations), fees, expenses, indemnities or other obligations or liabilities, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created, or incurred, as well as any and all of such obligations or liabilities that are paid, to the extent such payment is avoided or recovered directly or indirectly from the Holders or the Secured Party as a preference, fraudulent transfer, or otherwise, together with any and all amendments, modifications, extensions or renewals of the foregoing.

ARTICLE II. GRANT OF SECURITY INTEREST

To secure the payment and performance of the Obligations, the Debtor hereby grants a continuing security interest in the Collateral to the Secured Party for the benefit of the Holders and itself, which at all times shall be a first-priority security interest subject to no other liens, charges, pledges, security interests, encumbrances, licenses or other claims or interests of any kind or nature ("**Liens**") except for Permitted Liens (as defined below).

ARTICLE III. REPRESENTATIONS AND WARRANTIES

The Debtor hereby makes the following representations and warranties to the Secured Party and the Holders:

3.1 Ownership of Collateral

The Debtor owns the Collateral free and clear of any Liens on the Collateral, except for (i) the Lien in favor of the Secured Party and (ii) Permitted Liens.

3.2 Patents, Trademarks and Copyrights

Schedule 2 lists all Patents, Trademarks and Copyrights currently owned by the Debtor, including all Patent, Trademark and Copyright registrations and applications currently on file with the U.S Patent and Trademark Office and the U.S. Copyright Office or applicable office of any other jurisdiction.

3.3 Licenses

Schedule 3 lists all current license agreements, franchise agreements and other licenses, permits, franchises, and agreements of any kind or nature pursuant to which the Debtor licenses, possesses, uses or has authority to possess or use any property (whether tangible or intangible) of any other party. Schedule 3 lists all current license agreements, franchise agreements and other licenses, permits, franchises, and agreements of any kind and nature pursuant to which any other party licenses, possesses, uses or has authority to possess or use any property (whether tangible or intangible) of the Debtor.

3.4 No Impairment of Collateral

None of the Collateral shall be impaired or jeopardized because of the security interest granted herein.

3.5 Other Agreements

The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof, including without limitation the grant of the security interest to the Secured Party and the exercise of rights or remedies by the Secured Party or the Holders, shall not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a default under any provisions of its Articles of Incorporation or Bylaws, instrument, judgment, order, writ, decree, contract or agreement or any federal or state statute, rule or regulation applicable to the Debtor or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Debtor or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Debtor.

3.6 No Approvals

No approvals of any governmental entity or third party are required in connection with the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof, including without limitation the grant of the security interest to the Secured Party and the exercise of rights or remedies by the Secured Party or the Holders.

3.7 Authority

The Debtor has full power and authority to grant to the Secured Party a security interest in the Collateral.

3.8 Location of Records

The address(es) of the office where the books and records of the Debtor are kept concerning the Collateral is set forth on Schedule 5 to this Agreement.

3.9 State of Organization

The Debtor's state of organization is set forth on Schedule 5 to this Agreement.

3.10 Chief Executive Office

The Debtor's chief executive office and chief place of business is located at the address set forth on Schedule 5 to this Agreement.

3.11 Trade Names

The Debtor conducts its business only under its legal name except for any additional trade names set forth on Schedule 5 to this Agreement.

ARTICLE IV. COVENANTS OF THE DEBTOR

The Debtor shall fully perform each of the covenants set forth below:

4.1 Perfection and Protection of Security Interest

At the Debtor's expense, the Debtor shall prepare, execute, deliver and file any financing statement, any security interest filing with the U.S. Patent and Trademark Office, the U.S. Copyright Office or applicable office of any other jurisdiction, and any renewal, substitution or correction thereof or any other document, and shall take any such further action, as the Secured Party from time to time may request in connection with perfecting or protecting the security interest in the Collateral granted by the Debtor under this Agreement or in otherwise obtaining the full benefits of this Agreement. The Debtor shall prepare, execute, deliver and file any such financing statement(s) prior to the Initial Closing (as defined in the Note Purchase Agreement). The Debtor shall prepare, execute, deliver and file any such security interest filing(s) with the U.S. Patent and Trademark Office, the U.S. Copyright Office or applicable office of any other jurisdiction for the Patent, Trademark and Copyright registrations and applications on file with the U.S. Patent and Trademark Office and the U.S. Copyright Office or applicable office of any other jurisdiction listed in Schedule 2 within 20 days after the Initial Closing. The Debtor hereby authorizes the Secured Party to prepare, execute, deliver and file any such documents, and to take any such actions, on behalf of the Debtor.

4.2 Patents, Trademarks and Copyrights

Promptly upon any change in the Patents, Trademarks and Copyrights owned by the Debtor from those listed in Schedule 2 as in effect from time to time, the Debtor shall provide the Secured Party with an updated Schedule 2 listing all Patents, Trademarks and Copyrights then owned by the Debtor; provided, however, that if such change involves a change in the Patent, Trademark and Copyright registrations and applications on file with the U.S. Patent and Trademark Office and the U.S. Copyright Office or applicable office of any other jurisdiction, the Debtor shall provide the Secured Party with 20 days prior written notice of such change. Upon request of the Secured Party, the Debtor shall register with the U.S. Copyright Office any Copyrights which are not already registered in such office. Upon the Debtor providing an updated Schedule 2 for any change in the Patent, Trademark and Copyright registrations and applications on file with the U.S. Patent and Trademark Office and the U.S. Copyright Office or applicable office of any other jurisdiction, at the Debtor's expense, the Debtor shall prepare, execute, deliver and file any such security interest filing(s) with the U.S. Patent and Trademark Office, the U.S. Copyright Office or applicable office of any other jurisdiction for any such new registrations and applications listed in such updated Schedule 2 within 20 days after providing such updated Schedule 2. The Debtor hereby authorizes the Secured Party to prepare, execute, deliver and file any such documents, and to take any such actions, on behalf of the Debtor.

4.3 Pledges

Upon request of the Secured Party and at Debtor's expense, the Debtor shall promptly deliver and pledge to the Secured Party, endorsed or accompanied by instruments of assignment

or transfer satisfactory to the Secured Party, any Collateral consisting of instruments, investment property, documents, general intangibles or chattel paper.

4.4 Control

Upon request of the Secured Party and at Debtor's expense, the Debtor shall cooperate with the Secured Party in obtaining control with respect to any Collateral consisting of deposit accounts, investment property, letter of credit rights and electronic chattel paper.

4.5 Liens

Except for a Lien securing the Company's current line of credit with Washington Trust Bank in the amount of \$1 million, the Debtor shall not grant, permit or suffer to exist any Liens on the Collateral without the prior written consent of the Secured Party, except for (i) the Lien in favor of the Secured Party and (ii) Liens (A) for unpaid taxes, assessments, or other governmental charges or levies that either are not yet delinquent or are the subject of a good faith contest and for which an adequate reserve is established on books and records of the Debtor so long as the Lien does not have priority over the Lien of the Secured Party, (B) arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers incurred in the ordinary course of business and not in connection with the borrowing of money that are either for sums not yet delinquent or are the subject of a good faith protest for which an adequate reserve is established on books and records of the Debtor, (C) on amounts deposited to secure the Debtor's obligations in connection with worker's compensation or other unemployment insurance, (D) rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business and (E) non-exclusive licenses of Patents, Trademarks, Copyrights, and other intellectual property rights in the ordinary course of business consistent with past practices (collectively, "**Permitted Liens**").

4.7 Disposition of Collateral

The Debtor shall not sell, license, lease, transfer or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party, except for (i) sales of inventory, products or services, collection of rights to payment, disposition of equipment or inventory which is obsolete or being replaced in the ordinary course of business consistent with past practices and (ii) licenses of Patents, Trademarks, Copyrights, and other intellectual property rights in the ordinary course of business consistent with past practices.

4.8 Limitations on Amendments, Modifications, Terminations, Waivers and Extensions of Contracts and Agreements Giving Rise to Accounts

Without the prior written consent of the Secured Party, the Debtor shall not (a) amend, modify, terminate, waive or extend any provision of any agreement giving rise to an account, general intangible, instrument, chattel paper or other right to payment, licensing any Patents, Trademarks or Copyrights to the Debtor or by the Debtor or otherwise relating to the Collateral, in any manner that could reasonably be expected to have an adverse effect on the value of any Collateral or (b) fail to exercise promptly and diligently any material right that it may have under each such agreement that could reasonably be expected to have an adverse effect on the value of

any Collateral, other than any right of termination (which shall only be exercised with the prior written consent of the Secured Party).

4.9 Indemnification

The Debtor agrees to pay, and to indemnify the Secured Party and the Holders and hold the Secured Party and the Holders harmless from any and all liabilities, claims, damages, costs and expenses (including legal fees and expenses) incurred in connection with protecting or realizing on the Collateral, enforcing any rights or remedies of the Secured Party or otherwise arising out of this Agreement. Without limiting the generality of the foregoing, in any suit, proceeding or action brought by the Secured Party under any account or other right to payment to enforce payment of any sum owing thereunder or any provisions thereof any account or other right to payment, the Debtor will indemnify the Secured Party and the Holders and hold the Secured Party and the Holders harmless from any and all liabilities, claims, damages, costs and expenses (including legal fees and expenses) incurred by reason of any defense, setoff, counterclaim, recoupment, reduction or liability of any kind or nature asserted by any account debtor arising out of a breach by the Debtor of any obligation thereunder, arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or its successors from the Debtor or otherwise from any action or omission of the Debtor.

4.10 Further Identification of Collateral

The Debtor shall furnish to the Secured Party from time-to-time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may request, all in reasonable detail.

4.11 Maintenance of Records

The Debtor shall keep and maintain satisfactory and complete records of the Collateral including but not limited to a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. Promptly upon request of the Secured Party, the Debtor shall deliver and turn over to the Secured Party copies of all books and records pertaining to the Collateral.

4.12 Notices

The Debtor shall advise the Secured Party promptly in reasonable detail (a) of any Lien asserted against any of the Collateral and (b) of the occurrence of any other event that could reasonably be expected to have an adverse effect on the Collateral.

4.13 Changes in Locations, Name, Etc.

The Debtor shall not (a) change its state of organization, (b) change its chief executive office or the location of its chief place of business, (c) remove its books and records from the locations set forth in Schedule 5 to this Agreement or (d) change its name, identity or entity type unless it shall have given the Secured Party at least 30 days prior written notice thereof. Any change referenced in clauses (a) and (d) shall not be effective, and shall be void ab initio, unless the Debtor gives such prior written notice of the change to the Secured Party.

4.14 Further Assurances

The Debtor agrees to take all actions which the Secured Party may request to perfect or maintain the perfection of, or to otherwise protect, the security interest granted herein and the Debtor authorizes the Secured Party to take such actions on behalf of the Debtor, including without limitation (a) filing (including electronic or facsimile filing) financing statements describing the Collateral, which may include descriptions broader than as set forth in this Agreement and (b) filing any security documents with the U.S Patent and Trademark Office, the U.S. Copyright Office or any applicable office of any other jurisdiction.

ARTICLE V. THE SECURED PARTY'S RIGHTS

5.1 No Duty on the Secured Party's Part

The Secured Party shall not be required to (i) realize upon any Collateral, except at its option upon the occurrence of any Event of Default; (ii) collect the principal, interest or payment due thereon or exercise any rights or options of the Debtor pertaining thereto; (iii) make presentment, demand or protest; give notice of protest, nonacceptance or nonpayment; or (iv) do any other thing for the protection, enforcement or collection of any Collateral. The powers conferred on the Secured Party hereunder are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually received as a result of the exercise of such powers, and shall not be responsible to the Debtor for any act or failure to act hereunder.

5.2 Negotiations with Account Debtors

Upon the occurrence of any Event of Default, the Secured Party may, in its sole discretion, extend or consent to the extension of the time of payment or maturity of any instruments, accounts, chattel paper, general intangibles or other rights to payment.

5.3 Right to Assign

The Secured Party may assign or transfer, subject to the restrictions on assignment in the Note, the whole or any part of the Obligations and may transfer therewith as collateral security the whole or any part of the Collateral, and all obligations, rights, powers and privileges herein provided shall inure to the benefit of the assignee and shall bind the successors and assigns of the parties.

5.4 Duties Regarding Collateral

Beyond the safe custody thereof, the Secured Party shall not have any duty as to any Collateral in its possession or control, or as to any preservation of any rights of or against other parties.

5.5 Collection From Account Debtors

Upon the occurrence of any Event of Default, the Debtor shall, upon request by the Secured Party, enforce collection of any indebtedness owed to it by account debtors. Upon the occurrence of any Event of Default, the Debtor shall, upon request by the Secured Party, notify all account debtors to make payment to the Secured Party of any amounts due or to become due.

5.6 Inspection

The Secured Party and its designees, from time to time at reasonable times, may inspect, audit and make copies of and extracts from all records and all other papers in the possession of the Debtor in connection with the Collateral.

ARTICLE VI. THE SECURED PARTY'S RIGHTS AND REMEDIES

6.1 Acceleration; Remedies

Upon the occurrence of any Event of Default, the Secured Party shall have all rights and remedies of a secured creditor available to it under this Agreement and the other Transaction Documents or available at law or in equity, including without limitation the Uniform Commercial Code. The Secured Party may proceed to enforce any or all of such rights and remedies or realize on any or all security or guaranties for the Obligations in any manner or order it deems expedient without regard to any equitable principles of marshaling or otherwise, subject to the provisions of Article VIII. No failure or delay on the part of the Secured Party in exercising any right, power or privilege hereunder and no course of dealing shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any right, power or privilege. The rights and remedies of the Secured Party are cumulative and not exclusive of any rights or remedies that the Secured Party would otherwise have. No notice to or demand on the Debtor, in any case, shall entitle the Debtor to any other or further notice or demand in similar or other circumstances or shall constitute a waiver of the right of the Secured Party to any other or further action in any circumstances without notice or demand.

6.2 Notice of Sale

The Debtor hereby acknowledges and agrees that written notice given to the Debtor in accordance with the notice provisions of this Agreement 10 days prior to the date of public or private sale of any of the Collateral shall constitute commercially reasonable notice.

6.3 Disposition of Collateral

In addition to all other rights and remedies available to the Secured Party upon the occurrence of an Event of Default, the Secured Party may dispose of any of the Collateral at public or private sale in its then present condition or following such preparation and processing as the Secured Party deems commercially reasonable. Such sale may include licensing of the Collateral on an exclusive or non-exclusive basis, on a worldwide or geographically limited basis and on an all-uses or limited uses basis. For the purpose of enabling the Secured Party to exercise its rights and remedies hereunder, the Debtor hereby grants to the Secured Party an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Debtor) to use, license or sub-license any of the Collateral, including in such license access to all media in

which any of the Collateral may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The Secured Party has no duty to prepare or process the Collateral prior to sale. The Secured Party may disclaim warranties of title, possession, quiet enjoyment and the like. Such actions by the Secured Party shall not affect the commercial reasonableness of the sale. Further, the Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance shall not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

6.4 Application of Collateral Proceeds

(a) The Collateral and any proceeds of and amounts collected with respect to the Collateral or any remedy hereunder shall be applied as follows:

(i) First, to the payment to the Secured Party of costs and expenses (including legal costs and expenses) incurred by the Secured Party in connection with (A) protection of the Collateral, including without limitation reasonable amounts expended to preserve the value of the Collateral, (B) enforcement of this Agreement or any related agreements, instruments or documents, (C) foreclosure, suit or sale of the Collateral or other realization on the Collateral, (D) exercise of any other rights or remedies, and (E) or otherwise arising out of this Agreement or any related agreements, instruments or documents;

(ii) Second, to the payment to each Holder of the amount then due on such Holder's Note, and in case such proceeds shall be insufficient to pay in full the whole amount so due upon such Note, then its Pro Rata Share (as defined below) of the amount remaining to be distributed (to be applied first to collections costs due under such Holder's Note, then to accrued interest due on such Holder's Note and thereafter to outstanding principal due on such Holder's Note);

(iii) Third, to the payment of other amounts then payable to each Holder under any of the Transaction Documents, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid under such Transaction Documents, then its Pro Rata Share of the amount remaining to be distributed;

(iv) Fourth, to be retained by the Secured Party for holding as Collateral for any Obligations secured by this Agreement which are not yet due because they are unmatured or contingent for so long as such Obligations exist; and

(v) Fifth, to payment of the surplus, if any, to Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

"Pro Rata Share" shall mean, when calculating a Holder's portion of any distribution or amount, that distribution or amount (expressed as a percentage) equal to a fraction (i) the numerator of which is the original principal amount of such Holder's Note less any principal amount of such Holder's Note which has been converted at such time and (ii) the denominator of which is the original aggregate principal amount of all Notes less any principal amount of all Notes which has been converted at such time at such time; provided, however that once all Holders have received an amount equal to the original principal amount of such Holder's Note less any principal amount of such Holder's Note which has been converted at such time, then Pro Rata Share shall be determined based on interest which has accrued and collections costs which are payable under

the Notes. In the event that a Holder receives payments or distributions in excess of its Pro Rata Share, then such Holder shall hold in trust all such excess payments or distributions for the benefit of the other Holders and shall pay such amounts held in trust to the other Holders upon demand by the other Holders. In

ARTICLE VII. DEBTOR'S APPOINTMENT OF SECURED PARTY AS ATTORNEY-IN-FACT

7.1 Appointment

(a) The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement. Without limiting the generality of the foregoing, the Debtor hereby gives the Secured Party the power and right, on behalf of the Debtor, without consent by or notice to the Debtor, to do the following:

(i) upon the occurrence of any Event of Default, to transfer to the Secured Party or to any other person all or any of the Collateral, to endorse any instruments pledged to the Secured Party and to fill in blanks in any transfers of Collateral, powers of attorney or other documents delivered to the Secured Party;

(ii) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral;

(iii) upon the occurrence of any Event of Default, (A) to take possession of, endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any account, instrument or general intangible or with respect to any other Collateral and (B) to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Secured Party for the purpose of collecting all such moneys due under any account, financial assets, instrument, investment property, or general intangible or with respect to any other Collateral whenever payable; and

(iv) upon the occurrence of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to ask for, demand, collect and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or

proceeding described in clause (E) above and, in connection therewith, to give such discharge or releases as the Secured Party may deem appropriate; (G) to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes; and (H) to do, at the Secured Party's option and the Debtor's expense, at any time or from time to time, all acts and things that the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein and to effect the intent of this Agreement, all as fully and effectively as the Debtor might do.

(b) The Debtor hereby ratifies all that such attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(c) The Debtor also authorizes the Secured Party to execute, in connection with any sale provided for in Article VI hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(d) The powers conferred on the Secured Party hereunder are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder.

ARTICLE VIII. HOLDER'S APPOINTMENT OF SECURED PARTY AS COLLATERAL AGENT

8.1 Appointment

The Holders hereby appoint Cowles Company to act as collateral agent for the Holders (in such capacity, the "**Collateral Agent**") and to serve as the Secured Party under this Agreement from the date hereof until the termination of this Agreement or the earlier resignation of Cowles Company as the Collateral Agent or removal of Cowles Company as the Collateral Agent by the Debtor (as defined in the Notes). In the event of any resignation or removal of Cowles Company as the Collateral Agent, a new Collateral Agent shall be appointed by the Debtor and shall become the Secured Party under this Agreement.

8.2 Powers and Duties of Collateral Agent, Indemnity by Holders

(a) Each Holder hereby irrevocably authorizes the Collateral Agent to take such action and to exercise such powers hereunder as are granted to the Secured Party as provided herein in its sole discretion or as otherwise instructed in writing by the Major Noteholder Majority, together with such powers as are reasonably incidental thereto; provided, however, that the Collateral Agent shall not be required to take any action or omit to take any action that is contrary to the terms of this Agreement or the other Transaction Documents or applicable law. The Collateral Agent may execute any of its duties hereunder by or through agents or employees and shall be entitled to request and act in reliance upon the advice of counsel concerning all matters pertaining to its duties

hereunder and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance therewith.

(b) Neither the Collateral Agent nor any of its affiliates or their respective directors, officers or employees shall be liable or responsible to any Holder or to the Debtor for any action taken or omitted to be taken by the Collateral Agent under this Agreement or under any related agreements, instruments or documents, except to the extent attributable to (i) bad faith or willful misconduct on the part of the Collateral Agent or (ii) the Collateral Agent's breach of the express terms of this Agreement or of any related agreements, instruments or documents. The Holders acknowledge and agree that the Collateral Agent shall have sole discretion in taking any action or omitting to take any action under this Agreement or of any related agreements, instruments or documents in the absence of specific written instructions of the Major Noteholder Majority, including without limitation the exercise of full discretion in deciding whether or not to take actions in connection with perfecting the security interest in the Collateral, granting consents under this Agreement or of any related agreements, instruments or documents or exercising rights or remedies under this Agreement or of any related agreements, instruments or documents or applicable law. In addition, neither the Collateral Agent or any of its affiliates or their respective directors, officers or employees shall be liable or responsible for (i) the validity, effectiveness, sufficiency, enforceability or enforcement of the Notes, this Agreement or any instrument or document delivered hereunder or relating hereto; (ii) the title of the Debtor to any of the Collateral or the freedom of any of the Collateral from any prior or other liens or security interests; (iii) the determination, verification or enforcement of the Debtor's compliance with any of the terms and conditions of this Agreement; (iv) the failure by the Debtor to deliver any instrument or document required to be delivered pursuant to the terms hereof; or (v) the receipt, disbursement, waiver, extension or other handling of payments or proceeds made or received with respect to the Collateral, the servicing of the Collateral or the enforcement or the collection of any amounts owing with respect to the Collateral.

(c) Each of the Holders agrees to pay to the Collateral Agent, promptly upon demand, its Pro Rata Share of all costs and expenses (including legal fees and expenses) incurred by the Collateral Agent in connection with the administration or operation of this Agreement or any related agreements, instruments or documents, protecting or realizing on the Collateral, enforcing any rights or remedies of the Secured Party or otherwise arising out of this Agreement or any related agreements, instruments or documents and the matters contemplated hereby and thereby, to the extent that such costs or expenses have not already been paid by the Debtor. Each of the Holders agrees to pay, and to indemnify the Collateral Agent and hold the Collateral Agent harmless from, any and all liabilities, claims, damages, costs and expenses (including legal fees and expenses) incurred by the Collateral Agent in connection with the administration or operation of this Agreement or any related agreements, instruments or documents, protecting or realizing on the Collateral, enforcing any rights or remedies of the Secured Party or otherwise arising out of this Agreement or any related agreements, instruments or documents and the matters contemplated hereby and thereby based on the Pro Rata Shares of the Holders, except to the extent attributable to (i) bad faith or willful misconduct on the part of the Collateral Agent or (ii) the Collateral Agent's breach of the express terms of this Agreement or of any related agreements, instruments or documents.

ARTICLE IX. GENERAL PROVISIONS

9.1 Termination of Agreement

This Agreement shall remain in full force and effect until the Obligations have been fully and finally discharged, and shall be reinstated if for any reason payment of any of the Obligations shall be rescinded.

9.2 Severability

If any provision of this Agreement is for any reason and to any extent determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall be unaffected and interpreted so as best to reasonably effect the intent of the parties hereto. Such void or unenforceable provision of this Agreement shall be replaced with a valid and enforceable provision so as to achieve, to the greatest extent possible, the economic, business and other purposes of the void or unenforceable provision.

9.3 Waiver

No waiver by any party of any breach of any provision hereof shall constitute a waiver of any other breach of that or any other provision hereof.

9.4 Assignment

All rights, powers, privileges and immunities herein granted to the Secured Party and the Holders shall extend to their successors and assigns and any other legal holder of the Obligations or this Agreement, with full right by the Secured Party and the Holders to assign and/or sell the same, subject to compliance with securities laws. The Debtor may not assign its rights or obligations under this Agreement.

9.5 Successors

The rights and obligations of the parties hereto shall inure to the benefit of, and be binding and enforceable upon, the respective permitted successors and assigns of the parties.

9.6 Entire Agreement

This Agreement and the other Transaction Documents constitute the entire agreement between the parties with regard to the subject matter hereof and thereof, and all other written or oral discussions, proposals, negotiations, understandings or agreements between the parties relating to the subject matter hereof or thereof are expressly superseded.

9.7 Amendments and Waivers

Any provision of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the Secured Party; provided, however, that if such amendment or waiver affects the rights or obligations of the Holders, then such amendment or waiver shall not be effective without the consent of the Major Noteholder Majority, in which case it shall be binding upon all of the Holders; provided further that no such

amendment or waiver that discriminates between the Holders shall be effective without the consent of any Holder being discriminated against. In addition, any provision of this Agreement may be waived in writing by any waiving party on such party's own behalf, without the consent of the other party.

9.8 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed given (i) when delivered personally or when sent by facsimile transmission or email during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (ii) on the next business day after timely delivery to a generally recognized receipted overnight courier and (iii) on the third business day after deposit in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed to the party at such party's address as set forth on the signature page of this Agreement or as subsequently modified by written notice delivered as provided herein.

9.9 Delays or Omissions

Except as expressly provided herein, no delay or omission to exercise any right, power or remedy on the part of the Secured Party upon any breach or default of the Debtor under this Agreement shall impair any such right, power or remedy of the Secured Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of the Secured Party of any breach or default under this Agreement, or any waiver on the part of the Secured Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to the Secured Party, shall be cumulative and not alternative.

9.10 Counterparts

This Agreement be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9.11 Titles and Subtitles

The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.12 Dispute Resolution

The parties hereby (a) irrevocably and unconditionally submit to the jurisdiction of the state or federal courts located in Spokane, Washington for the purpose of any suit, action or other

proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in such courts, and (c) waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of such courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

9.13 Costs and Expenses

The Debtor hereby agrees to pay to the Secured Party upon demand all reasonable costs and expenses, including attorney's fees and costs, incurred in connection with the administration of this Agreement, including without limitation all filings or other actions required by the Secured Party in connection with perfecting or otherwise protecting the security interest granted hereunder. In addition, the Debtor hereby agrees to pay to the Secured Party upon demand all costs and expenses, including attorney's fees and costs, incurred in connection with the enforcement of this Agreement, collection of the Obligations and the protection, preservation, collection or sale of or other realization upon the Collateral, including without limitation in any out-of-court workout, any court action, any appeal or any bankruptcy proceeding.

9.14 Additional Holders

Upon any Subsequent Closings (as defined in the Note Purchase Agreement), the additional Holders of Notes resulting from such Subsequent Closings shall become additional parties to this Agreement by executing a signature page hereto as provided in the Note Purchase Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

"Debtor"

SAFEGUARD EQUIPMENT, INC.

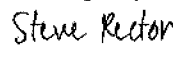
DocuSigned by:

By: 26C0811654284AF...
Name: Timothy G. Ledford
Title: Chief Executive Officer

Address:
4442 W. Riverbend Ave.
Post Falls, ID 83854
Attn: Timothy G. Ledford
Email: ledford@safeguardequipment.com

"Secured Party" and "Collateral Agent"

COWLES COMPANY

DocuSigned by:

By: 5D937621D95648D...
Name: Steve Rector
Title: Chief Financial Officer

Address:
999 W. Riverside Avenue
Spokane, WA 99201
Attn: Steve Rector
Email: SteveR@cowlescompany.com

SCHEDULE 1
Holders

Initial Closing Date: June 30, 2022

[REDACTED]

SCHEDULE 2
Patents, Trademarks and
Copyrights Owned by the Debtor

1. **Patents.**

The following U.S. and foreign patent registrations and patent applications:

Pending U.S. Patent Applications

<i>Number</i>	<i>Title</i>
17/322,343	Energy Detection Warning Device
17/746,682	Energy Detection Warning Device
16/945,064	Grounding Cable Warning Device
63/336,620	Issuing Emergency Alert(s) for Detected Life-Threatening

Issued U.S. Patents

<i>Number</i>	<i>Title</i>
11,009,532	Energy Detection Warning Device

Pending Foreign Patent Applications

<i>Number</i>	<i>Country</i>	<i>Title</i>
3032058	Canada	Energy Detection Warning Device
21170675.9	Europe	Energy Detection Warning Device
201917007983	India	Energy Detection Warning Device
2019-551492	Japan	Energy Detection Warning Device
10-2019-7020239	Korea	Energy Detection Warning Device

Issued Foreign Patents

<i>Number</i>	<i>Country</i>	<i>Title</i>
201780076658.2	China	Energy Detection Warning Device
3475927	Europe*	Energy Detection Warning Device

*Validated for enforcement in: Germany, France, Great Britain, Italy, Spain


2. Trademarks.

The following U.S. and foreign trademark and service mark registrations, trademark and service mark applications and unregistered trademark and service mark rights or other trademark-related rights:

U.S. Trademark Applications

<i>Number</i>	<i>Trademark or Service Mark</i>

U.S. Trademark Registrations

<i>Number</i>	<i>Trademark or Service Mark</i>
5,582,021	SAFEGUARD EQUIPMENT word mark
5,582,023	 *Logo
5,577,116	COMPASS word mark

Foreign Trademark Applications

<i>Number</i>	<i>Trademark or Service Mark</i>

Foreign Trademark Applications

<i>Number</i>	<i>Trademark or Service Mark</i>

*Unregistered Trademark and Service Mark Rights
and Other Trademark-Related Rights*

	<i>Trademark or Service Mark</i>

3. **Copyrights.**

The following U.S. and foreign copyright registrations and unregistered copyrights and other copyright-related rights.

U.S. Copyright Registrations

<i>Number</i>	<i>Copyright</i>

Foreign Copyright Registrations

<i>Number</i>	<i>Copyright</i>

Unregistered Copyrights and Other Copyright-Related Rights

	<i>Copyright</i>

SCHEDULE 3

License and Other Agreements (License Rights Granted to the Debtor)

None.

SCHEDULE 4

License and Other Agreements (License Rights Granted by the Debtor)

None.

SCHEDULE 5
Debtor Information

State of Organization: Washington

Chief Executive Office: 4442 W Riverbend Ave. Post Falls, ID 83854

Location of Books and Records: 4442 W Riverbend Ave. Post Falls, ID 83854

Additional trade names: None