

## CHANNEL PARTNERSHIP AGREEMENT

This Channel Partner Agreement (“Agreement”) is entered into as of December 22, 2023, by and between Ontic Engineering and Manufacturing, Inc., a California corporation (hereinafter, the “Supplier”), with offices located at 20400 Plummer Street, Chatsworth, California 91311 and **AAR SUPPLY CHAIN, INC.**, a corporation organized under the laws of the State of Illinois, with offices of located at 1100 N. Wood Dale Road, Wood Dale, Illinois 60191 (“Channel Partner”).

Each of Supplier and Channel Partner are also referred to herein as a “Party,” and together, the “Parties.”

### WITNESSETH:

Supplier is a leading global manufacturer of certain aerospace products; and

Channel Partner is a global wholesale distributor of such products; and

Supplier requires the services of a Channel Partner knowledgeable in the markets that Supplier sells its products and is competent to assist Supplier in the promotion, sale and support of its products; and

Channel Partner is willing and able to provide such service on the terms and subject to the conditions herein.

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

#### 1. Definitions

As used herein, the term

1.1 “Confidential Information” shall mean the provisions of this Agreement and all data and information relating to a Party, a Party’s business or operations and the formulation, manufacture, use, marketing and sale of Products divulged or made available to a Party by the other Party or any other person in the course of a Party’s performance of this Agreement, whether or not any of same is reduced to writing, except such data or information that is otherwise generally known in the trade.

1.2 “Exclusive Distributor” with respect to any rights granted to Channel Partner herein, means (a) that Supplier shall not appoint additional sales representatives, distributors, agents or Channel Partners for the promotion or sale of Products in or for the Territory and (b) that Supplier shall not make any direct sales to any customers of the Products in the Territory.

1.3 “Inventory” are the products purchased pursuant to the purchase order in the amount of \$4.3M referenced in section 13.9. The Inventory is separate from Products and is being sold pursuant to the terms and conditions embedded in the purchase order only.

1.4 “LTC” means an existing Supplier long term contract containing Product or Products set forth in Exhibit A.

1.5 "Material Breach" shall mean any breach of this Agreement that causes, caused, or may cause substantial harm to the non-breaching Party or substantially deprives the non-breaching Party of the benefit it reasonably expected under this Contract.

1.6 "Products" shall refer to those goods manufactured and/or marketed by Supplier as set forth on Exhibit A hereto that are the subject of Channel Partner's exclusive distribution rights in the Territory pursuant to this Agreement.

1.5 "Territory" shall mean all global sales of the Products to the United States Government (including Foreign Military Sales through the DLA FMS program).

1.6 "Trademarks" shall mean all trademark rights relating to the Products, whether derived from common law use, registration, or statutory protection against unfair competition, including those rights relating to the use of Supplier's corporate name, other trade names, model names, and trademarks.

## 2. Appointment; Authority; Certain Responsibilities of Channel Partner

2.1 Subject to the terms and conditions of this Agreement and for the term of this Agreement, Supplier hereby appoints the Channel Partner as its Exclusive Distributor of the Products in the Territory during the term of this Agreement. Products may be removed from Exhibit A by agreement of the Parties only. Subject to the terms and conditions of this Agreement, the Channel Partner may sell the Products within the Territory in such manner, on such terms, to such United States Government customers and at such prices as the Channel Partner may choose.

2.2 As the Exclusive Distributor of the Products in the Territory, the Supplier shall promptly refer to the Channel Partner all inquiries that the Supplier receives with respect to the sale of Products. Supplier shall allow all current LTCs for Products to expire under their own terms without renewal or extension. For clarity, and notwithstanding anything else in the Agreement, nothing in this Agreement prohibits or restricts Supplier, for any reason, with respect to any of its products not listed in Exhibit A.

2.3 Upon the effectiveness of this Agreement, Supplier may honor any outstanding quotes that have been made to its customers, but not to exceed 60 days from the original commitment date of said quote, or the original validity period, if less than 60 days from the original commitment date.

2.4 The Channel Partner hereby accepts such appointment and shall devote such time and attention to the performance of its duties under this Agreement as may be reasonably necessary.

2.5 The Channel Partner may appoint sub-distributors, sub-agents or other persons (collectively "Sub-Distributors") to perform its obligations under this Agreement; provided that the Channel Partner submits to Supplier, on an annual basis, an updated list of all such Sub-Distributors. The Channel Partner shall obligate all Sub-Distributors to be bound terms, conditions and restrictions identical to those to which the Channel Partner is bound under this Agreement and the Channel Partner shall cause all Sub-Distributors to comply with such terms,

conditions and restrictions. Upon termination or expiration of this Agreement for any reason, the Channel Partner shall cause all agreements concerning the Products it may have with Sub-Distributors to be simultaneously terminated. Nothing contained in this Agreement shall be construed to create any relationship whatsoever between Supplier and any Sub-Distributor, Supplier shall have no obligation to such Sub-Distributors under this Agreement, and all of Supplier's obligations under this Agreement shall be only to the Channel Partner.

2.6 Channel Partner shall be an independent contractor, not an employee of Supplier. Channel Partner shall not be an agent of, or authorized to transact business, enter into agreements, or otherwise make commitments or assume or create any obligation or responsibility, including but not limited to obligations based on warranties or guarantees or other contractual obligations, on behalf or in the name of Supplier; provided, however, that Channel Partner shall, pursuant to Section 3.9 below, extend to all of its customers for Products, Supplier's standard warranty on the Products, attached as Exhibit B to this Agreement (the "Supplier Warranty").

### 3. Pricing; Compensation; Sales Procedures

#### 3.1 Reserved.

3.2 Supplier's standard prices are based on the following shipping terms: FCA, Supplier's named facility (Incoterms 2020).

#### 3.3 Reserved.

3.4 Supplier shall employ diligent and consistent efforts in response to Channel Partner's requests for Product quotes consistent with Supplier's current practices. Supplier will endeavor to complete each quote as quickly as possible not to exceed ninety (90) calendar days. Notwithstanding the foregoing, and without claiming Material Breach, Channel Partner will agree to additional time as is reasonably necessary for Supplier to complete a quote. Items not manufactured within the past three years may require a longer quote time.

3.5 Channel Partner's payment terms shall be net thirty (30) days from date of Supplier's invoice.

3.6 To the extent that they do not conflict with the provisions of this Agreement, and any other exhibit hereto, the Terms and Conditions of Sale SAF-101 (Rev. 14Oct20) as provided in Exhibit E hereto shall apply to all purchase orders for Product issued hereunder to the exclusion of any and all countervailing terms included in either Party's purchase order, acknowledgement, invoice, or other forms of communication under this Agreement.

3.7 Product sales to Channel Partner under this Agreement shall be subject to the Supplier Warranty set forth on Exhibit B except that the warranty period for factory new units shall be 12 months from the sale date of the Product by Channel Partner to its customer, not to exceed 36 months from the date of purchase by Channel Partner from Supplier. Channel Partner is authorized to offer the Supplier Warranty to customers in connection with sales of the Products. Channel Partner shall not extend any warranty or make any representations regarding the Products different from, or in addition to, those contained in the Supplier Warranty.

3.8 Supplier additionally warrants to Channel Partner that, at the time of delivery to Channel Partner, Supplier shall have title to the Products, free and clear of all liens and encumbrances.

3.9 Supplier's Rights in Channel Partner Records: During the term of this Agreement, Channel Partner shall maintain a record of all sales of the Products which shall include customer names, product and serial numbers, dates of sales, and shipping locations. This record shall be maintained by the Channel Partner for the period required by applicable law for warranty and export compliance purposes and shall be provided to Supplier when requested, only as reasonably needed by Supplier to process warranty claims by customers or otherwise demonstrate its compliance with U.S. Laws to requests by third parties. Supplier shall use all information provided by the Channel Partner under this Section 3.80, exclusively for Supplier's own purposes and shall maintain it in strict confidence and shall not use or disclose the same except as required to perform its obligations under this Agreement, as may be needed for finance and accounting purposes and to otherwise demonstrate its compliance with applicable laws. Supplier shall endeavor to limit such requests for records to once in a six-month period unless otherwise driven by regulatory or contractual requirements.

#### 4. Supplier Responsibilities

4.1 Supplier shall furnish to Channel Partner, free-of-charge, promotional and descriptive literature concerning the Products, including catalogs and suggested retail price lists. Supplier shall also provide in-person training to Channel Partner's sales team at reasonable times and locations, at Supplier's expense.

4.2 Reserved.

4.3 Where requested, Supplier shall use commercially reasonable efforts to provide Channel Partner's USG customer with sufficient documentation and evidence to support a finding that Products are offered for a fair and reasonable price. For clarity, sufficient document and evidence means (1) Certified Cost and Pricing Data if quote exceeds the threshold for submission of certified cost or pricing data in FAR 15.403-4(a)(1); or (2) upon written request by Channel Partner to Supplier, provided Supplier deems it is necessary, Other Than Certified Cost and Pricing Data for those quotes that do not require certified cost or pricing data pursuant to FAR 15.403-3.

4.4 Supplier shall sell Products to the Channel Partner compliant with the applicable U.S. Government requirements and contract flow downs identified in the corresponding US Government solicitation(s) and contract(s).

4.5 For all Supplier sales of Products to the Channel Partner for Channel Partner's inventory that are not related to a specific US Government Solicitation or contract then upon Supplier's receipt of Channel Partner's purchase order Supplier will review the flow downs and requirements provided by Channel Partner and Suppler will generate a proposal to Channel Partner.

4.6 Reserved.

4.7 Supplier shall sell Products to the Channel Partner which comply with the Supplier Quality Requirements listed in Exhibit D.

5. Trademarks.

5.1 Channel Partner shall not remove or efface any Trademarks on any Products sold by the Channel Partner. All resulting use of any of the Trademarks shall inure solely to the benefit of Supplier. The Channel Partner shall not use or register any of the Trademarks, or any mark or name confusingly similar thereto, in any manner, except that Channel Partner may use the Trademarks (a) on letterhead, business cards and signs in order to identify itself as an authorized Channel Partner of Supplier, or (b) in sales and promotional materials, provided that such materials have been previously submitted to and approved by Supplier.

6. RESERVED

7. Term and Termination.

7.1 Unless terminated as provided in Section 7.3, 7.4, 7.5 or 7.6 below, or by mutual written consent, this Agreement shall continue in full force and expiring seven (7) years from the date hereof ("Term").

7.2 Except as subject to subsections 8.2 and 8.3, has no obligation to accept orders from the Channel Partner following the expiration of this Agreement. If Supplier accepts an order the same shall be governed by terms identical to the terms of this Agreement, but such acceptance shall not be considered an extension or renewal of the Term of this Agreement.

7.3 Without limiting any other rights or remedies to which it may be entitled, either Party may give notice in writing to the other terminating this agreement if the other Party commits a Material Breach of this Agreement and fails to remedy that breach within thirty (30) days from the date of written notice. If the breaching Party cannot cure the material breach within the thirty-day cure period despite diligent and consistent efforts then the non-breaching Party will grant a reasonable additional period of time for the breach to be cured.

7.4 A Party can terminate this Agreement immediately if an order is made or a resolution is passed for the winding up of the other Party, or an order is made for the appointment of an administrator to manage the affairs, business and property of the other Party, or such an administrator is appointed, or a receiver is appointed of any of the other Party's assets or undertaking, or circumstances arise which entitle a court or a creditor to appoint a receiver or manager or which entitle a court to make a winding-up order, or the other Party takes or suffers any similar or analogous action in consequence of debt, or an arrangement or composition is made by the other Party with its creditors or an application to a court for protection from its creditors is made by the other Party.

7.5 A Party can terminate this Agreement immediately if the other Party suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business.

7.6 A Party may terminate this Agreement with thirty (30) days advance written notice if the other Party is acquired by another entity by means of any transaction or series of

related transactions to which the other Party is party to that acquisition (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes).

8. Rights of the Parties upon Termination or Expiration. The following provisions shall apply upon the termination or expiration of this Agreement for any reason:

8.1 Reserved.

8.2 Channel Partner shall market and sell its existing inventories of Products in the Territory until Channel Partner has completely depleted its inventory of the Products. The warranty provisions of this Agreement shall continue to apply to the Products, notwithstanding the expiration or termination of this Agreement.

8.3 Supplier shall, acting reasonably, continue to supply additional Products to Channel Partner hereunder so that Channel Partner can fulfill any orders for Products committed by Channel Partner to its customers prior to the expiration or termination of this Agreement. This Agreement shall continue to apply with respect to any such Products until the same are sold to Channel Partner's customers.

8.4 All obligations of the Channel Partner to Supplier and Supplier to Channel Partner shall remain due and payable in the normal course of business.

8.5 The following provisions of this Agreement and its Exhibits shall survive any expiration or termination hereof: Supplier's warranty of the Products (Section 3.7 and Exhibit B); Confidential Information (Section 1.1 and Section 6 of Exhibit E); Trademarks (Section 5); Intellectual Property Indemnity (Section 7 of Exhibit E); Limitation of Liability (Section 9); and Governing Law and Venue (Section 11).

9. LIMITATION OF LIABILITY NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, BUT SUBJECT TO 9.1 OR 9.2 BELOW, NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, OR EXEMPLARY DAMAGES OF ANY KIND WHATSOEVER, INCLUDING, BUT NOT LIMITED TO LOST PROFITS, LOST SALES, LOSS OF REVENUE OR OPPORTUNITY, LOSS OF USE OF EQUIPMENT, COST OF CAPITAL, COST OF DOWN TIME, COST OF SUBSTITUTE EQUIPMENT, OR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, ARISING OUT OF OR IN CONNECTION WITH PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF WARRANTY, CONTRACT, TORT OR OTHERWISE, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING LIMITATION OF LIABILITY SHALL BE BINDING UPON EITHER PARTY UNLESS IN WRITING, SIGNED BY A DULY AUTHORIZED OFFICER OF THAT PARTY.

9.1 If, during the Term, Supplier sells a Product to any third party other than Channel Partner, and that Product is sold in the Territory, Supplier shall pay Channel Partner, as liquidated damages and not as a penalty, a sum equal to the difference between Supplier's

average sales price for the Product to Channel Partner and Channel Partner's average sales price for the Product, at the time of Supplier's sale ("Liquidated Damages"). Supplier and Channel Partner acknowledge that Channel Partner's actual damages are difficult to determine and that the foregoing amounts are a good faith pre-estimate of the damages Channel Partner is likely to suffer as a result of Supplier's sale of a Product to any third party other than Channel Partner, and the foregoing amounts shall be deemed to be direct damages. Notwithstanding any other term or condition of this Agreement, Supplier's satisfaction of the Liquidated Damages are Channel Partner's sole and exclusive remedy in the event Supplier sells Product to a third-party other than Channel Partner in the Territory during the Term of this Agreement.

9.2 If Supplier terminates this Agreement for a reason other than Channel Partner's uncured Material Breach in accordance with 7.3, and/or matters addressed in 7.4, 7.5, or 7.6, Supplier shall pay Channel Partner, as liquidated damages and not as a penalty, a sum equal to \$100,000 per month remaining on the Term in section 7 (the "Early Termination Penalty"). Supplier and Channel Partner acknowledge that Channel Partner's actual damages are difficult to determine and that the foregoing amounts are a good faith pre-estimate of the damages Channel Partner is likely to suffer as a result of Supplier's early termination of the Agreement and the foregoing amounts shall be deemed to be direct damages. Notwithstanding any other term or condition of this Agreement, Supplier's satisfaction of the Early Termination Penalty is Channel Partner's sole and exclusive remedy in the event Supplier terminates this Agreement as set forth in this section 9.2 before expiration of the Term.

9.3 If Channel Partner fails to support a solicitation for a Product due solely to Channel Partner's negligence, whether through its action or inaction, and Channel Partner's customer in the Territory reports this to Supplier, and Supplier conducts a reasonable investigation into the facts (which must include three business days for Channel Partner to respond to all the allegations), then Supplier will not be in breach of violating the Exclusive Distributor rights of Channel Partner if Supplier elects to directly support the customer in the Territory for that solicitation only, after providing Channel Partner with written notice of its determination and documentation from customer and its investigation evidencing Channel Partner's failure to support the solicitation. Channel Partner's breach of 9.3 is a Material Breach of this Agreement and subject to section 7.3 herein.

10. Notices Notification required or permitted hereby shall be deemed given upon transmission by e-mail or enclosure thereof in an adequately post-paid envelope, sent registered air mail, and (in either case) to the Party indicated below to whom notices are to be directed, at the e-mail or address listed in conjunction with that Party's name first set forth above or at such other e-mail or physical address which that Party subsequently notifies the Party giving notice that notices are to be sent.

(a) If to Supplier, notices shall be directed to:

Ontic Engineering and Manufacturing, Inc.  
20400 Plummer Street  
Chatsworth, California 91311

Attn: troy.potensky@ontic.com

With a copy to: LegalNotice@ontic.com

(b) If to Channel Partner, notices shall be directed to:

AAR Supply Chain, Inc.  
1100 N. Wood Dale Road  
Wood Dale, IL 60191  
Attn: Frank.Landrio@aarcorp.com

With a copy to:Mia.Cullum@aarcorp.com

11. Governing Law; Venue

11.1 This Agreement shall be interpreted, construed, enforced and performed in accordance with the internal laws of the State of New York, U.S.A., without reference to principles of conflicts of law. THE RIGHTS AND OBLIGATIONS OF THE PARTIES IN CONNECTION WITH THIS AGREEMENT AND ANY PURCHASE OF THE PRODUCTS SHALL NOT BE GOVERNED BY THE PROVISIONS OF THE 1980 U.N. CONVENTION FOR THE INTERNATIONAL SALE OF GOODS.

11.2 Any action or claim brought by either Party under this Agreement shall be brought in the appropriate state or federal court in New York County, New York. The Parties hereby irrevocably submit themselves to the personal jurisdiction of these courts and shall accept service of process by these courts upon them. The Parties further irrevocably waive in advance any and all objections to the courts of New York County, New York, as forums based upon any question of venue, the doctrine of forum non conveniens, the present or future pendency of any other case or proceeding elsewhere, the compulsory counterclaim rule, or any other doctrine, statute or rule of practice.

12. Provision of Inventory and Product Information and Compliance with Export Laws

12.1 The Parties agree that Channel Partner is in need of certain information relevant to the Inventory and Products necessary to facilitate compliance with applicable US export laws, rules and regulations and Channel Partner's anticipated contract obligations with its customers. That information includes:

Export Control Classification Number (ECCN);

Country of Origin ("COO")

Schedule B Number

12.2 Inventory: Supplier agrees to provide the ECCN, COO and Schedule B number for the Inventory to Channel Partner within seventy-five (75) days after the date of this Agreement. If requested, Channel Partner will grant Supplier such additional time as is reasonably necessary in order for Supplier to complete the transmission of this information.

12.3 Products: Supplier agrees to provide the ECCN, COO, and Schedule B number for the Products to Channel Partner as follows: (1) Channel Partner to request this information at the time of quote and as documented in its order placement with supplier; and; (2) Supplier shall provide the information to Channel Partner no later than ship date specified from Supplier to Channel Partner in the order. If requested, Channel Partner will grant Supplier such additional time as is reasonable in order for Supplier to complete the transmission of this information.

12.4 Products provided pursuant to this Agreement may be subject to the Arms Export Control Act and are subject to the Office of Foreign Assets Control (“OFAC”) and the Export Administration Regulations 15 CFR 730-774 (“EAR”). Channel Partner shall comply with all export laws applicable to the Products including but not limited to when exporting the Products or related technical data from the United States or furnishing or transferring the Products or related technical data to a foreign person located anywhere.

12.5 For sales of Products that are to be exported from the USA, Channel Partner shall be the exporter of record and apply for, keep, track and maintain all documentation required for compliance with all applicable export laws, rules and regulations. As the exporter of record, Channel Partner is responsible for the final determination of all ECCNs, Schedule B numbers, COO and applicable UN Classification Codes.

12.6 Supplier represents that none of the Products are Hazardous Materials.

12.7 Notwithstanding any provision of this Agreement, no Products or technology governed by the International Traffic in Arms Regulations (“ITAR”) will be sold or supported pursuant to this Agreement.

### 13. Miscellaneous

13.1 This Agreement and any of the rights or obligations hereunder, with the exception of sub-distributors appointment authority in section 2.5 above, may not be assigned by Channel Partner, whether voluntarily or by operation of law, without the prior written consent of the other Supplier, not to be unreasonably withheld or delayed.

13.2 Excluding any previous agreements between either Party and or any affiliates of either Party, this Agreement and Exhibits A-E, constitutes the entire agreement, superseding all prior oral or written agreements, understandings, conditions and warranties, between the Parties hereto on the subject matter hereof and may be modified or amended only by a writing signed by both of the Parties hereto.

13.3 In the event any one or more of the provisions contained in this Agreement are deemed illegal or unenforceable, such provision (a) shall be construed in a manner to enable it to be enforced to the extent permitted by applicable law, and (b) shall not affect the validity and enforceability of any legal and enforceable provision of this Agreement.

13.4 The failure of a Party at any time to require performance by the other Party of any of the provisions of this Agreement shall not operate as a waiver of the right of such Party to request strict performance of the same or like provisions, or any other provisions hereof, at a later time.

13.5 This Agreement and any Products sold or shipped pursuant to the same are subject to United States laws and regulations governing import and export of goods including such laws which restrict exports to denied countries, persons or entities. The Parties shall comply with all such laws.

13.6 Each Party and its directors, officers, employees or agents shall comply with all laws, regulations and ethical standards relating to its business activities, including the laws, regulations and ethical standards where Channel Partner and Supplier are located. Each Party and its directors, officers, employees, and agents shall not at any time, either directly or through an intermediary, (i) offer, pay, promise to pay or authorize the payment of money or offer, give promise to give or authorize the giving of anything of value to an official, employee, officer or such Party of any government or department, agency or instrumentality of any government, or a political Party, Party official or candidate or political office, for purposes of inducing such person to use his or her influence to assist Channel Partner, Supplier, or any other person in anyway, whether within or outside of the Territory where the Channel Partner and Supplier are located, for the purpose of obtaining or retaining sales, or any other business opportunities or commercial advantage; or (ii) otherwise violate the Foreign Corrupt Practices Act (FCPA) of 1977 as amended, the United Kingdom Bribery Act (UKBA) of 2010, as amended, their respective implementing regulations, or any other laws or regulations where Channel Partner or Supplier are located.

13.7 This Agreement may be executed in any number of counterparts, each of which shall constitute an original and taken together shall constitute one and the same instrument. This Agreement shall not be binding until an original shall have been executed by all of the Parties.

13.8 Order of Precedence. Notwithstanding anything to the contrary in the Agreement or any of the Exhibits, the terms of this Agreement supersede and replace the provisions of the Exhibit E for the same or similar subject matter areas. In the event of any conflict between the terms of this Agreement and the terms of the Exhibit E, this Agreement shall control. In the event of any conflict between the terms of the other Exhibits (A, B, C, and D ) and the terms of the Exhibit E, the other Exhibits (A, B, C, and D ) shall control. In the event of any conflict between the terms of this Agreement and the terms of other Exhibits (A, B, C, and D ), this Agreement shall control.

13.9 Special Terms. Channel Partner shall place purchase order P5511783 in the amount of Four Million Three Hundred Thousand U.S. Dollars (\$4,300,000) as agreed between the Parties (the “Inventory Purchase”) and subject to that Purchase Order’s terms and conditions.

The products contained in the Inventory Purchase are not subject to this Agreement but the Inventory Purchase is a condition precedent for Supplier and Channel Partner to enter into this Agreement. Channel Partner shall submit payment for the Inventory Purchase via ACH payment to Supplier by end of the business day on 12/28/2023. Channel Partner shall subsequently submit a separate purchase order to Supplier governed by the terms and conditions set forth in this Agreement no later than January 31, 2024 in the approximate amount of Three Million U.S. Dollars (\$3,000,000) for Products that are the subject of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized officers to execute this Agreement on the date first above written.

“Supplier”

**ONTIC ENGINEERING AND  
MANUFACTURING, INC.**

By: 

Name: Terry Streb

Title: General Manager

“Channel Partner”

**AAR SUPPLY CHAIN, INC.**

By: 

Name: Frank Landrio

Title: SVP, AAR Distribution

## **EXHIBIT A**

### **Products**

Excel list attached:

PRODUCTS DOES NOT INCLUDE THE "INVENTORY PURCHASE" ON PO  
P5511783 WHICH IS THE SUBJECT OF THE PO \$4.3M USD



Exhibit A.xlsx

## **EXHIBIT B**

### **Supplier's Standard Warranty for the Products**

“Seller” where it appears means “Supplier.”  
“Buyer” where it appears means “Channel Partner”

**Note:** Under 5.2, the Warranty for factory new units shall be 12 months from the sale date of the Product by Channel Partner to its customer, not to exceed 36 months from the date of Channel Partner’s purchase of the Product from Supplier.

#### 5. **Warranty**

5.1. Seller warrants that Products shall be delivered free from defects in material, workmanship, and tide and that Services shall be performed in a competent, diligent manner in accordance with any mutually agreed specifications.

5.2. All warranty adjudication requests must receive prior approval from Seller before Buyer returns any product. The Seller's Return Material Authorization (RMA) number will authenticate the warranty request upon receipt at Seller's facility. The Seller will have sole right to accept or deny any warranty upon evaluation of submitted item. ~~Failure to have Seller's RMA number clearly marked on Buyer documentation will invalidate warranty consideration. The product warranty shall start on date of delivery to Buyer, except as noted below, and shall apply as follows:~~

- Factory New Units: Two years
- Overhaul: One year or 2000 flight hours (documentation substantiating flight hours required), whichever occurs first
- Repair: Six months and limited to materials installed and labor performed during last repair activity
- Detail Parts: No Warranty - Guaranteed Conformity prior to installation

\*Note: Any material returned and determined by Seller to have a No Fault Found (NFF) finding will result in charges to Buyer for inspection, test and recertification. Seller's obligation is limited to the repair and/or replacement of such products returned to the Seller, transportation charges prepaid, within time periods listed above to the Buyer when examination thereof shall disclose them to Seller's satisfaction, to have been defective. This Warranty does not apply to any of Seller's products which have been opened, disassembled, repaired or altered by anyone other than Seller or subjected to improper installation, misuse or abuse as determined by Seller. Except for the warranty coverage referenced above, Seller will not have any liability or obligation to Buyer or any other person for any claim, loss, damage, or expense caused in whole or in part, directly or indirectly, by the inadequacy of any products for any purpose, by any deficiency or defect in any product, by the use or performance of any products or by any failure or delay in Seller's performance hereunder, or for any special, direct,

Continued on next page.

indirect, incidental, consequential, exemplary or punitive damages, however caused, including, without limitation, personal injury or loss or business or profit, whether or not Buyer will have informed Seller of the possibility or likelihood of any such damages.

5.3. If Products or Services do not meet the above warranties, Buyer shall promptly notify Seller in writing prior to expiration of the warranty period. Seller shall, at its option (a) repair or replace defective Products, and / or (b) re-perform defective Services. If despite Seller's reasonable efforts, a non-conforming Product cannot be repaired or replaced, or non-conforming Services cannot be re-performed, Seller shall refund or credit monies paid by Buyer for such non-conforming Products and Services. Warranty repair, replacement or re-performance by Seller will not extend or renew the applicable warranty period. Buyer shall obtain Seller's agreement on the specifications of any tests it plans to conduct to determine whether a non-conformance exists.

5.4. The warranties and remedies set forth herein are expressly conditioned upon (a) proper storage, installation, use, operation, and maintenance of Products; (b) Buyer's keeping complete, accurate records of operation and maintenance during the warranty period and providing Seller access to those records; and (c) modification or repair of Products or Services only as authorized by Seller in writing. Failure to meet any such condition renders the warranty null and void. Seller is not responsible for normal wear and tear.

5.5. This Article 5 provides the exclusive remedies for all claims based on a failure or defect in Products or Services, regardless of when such failure or defect arises, and whether a claim, however described, is based on contract, warranty, indemnity, tort/extra-contractual liability (including negligence), strict liability or otherwise. The warranties provided in this Article 5 are exclusive and are in lieu of all other warranties, conditions and guarantees, whether written, oral, implied or statutory. NO IMPLIED OR STATUTORY WARRANTY, OR WARRANTY OR CONDITION OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE APPLIES.

**EXHIBIT C**

**Reserved**

## EXHIBIT D

### Supplier Quality Requirements

#### **1.0 Applicability:**

- 1.1 Orders in support of U.S. Government contracts must comply with the applicable FARs and DFARs as flowed down.
- 1.2 Channel Partner, its customers, and regulatory agencies shall possess the right-of entry to Supplier's facilities. Entry must provide access to quality system documentation, quality records as well as the ability to conduct audits, verify product and processes.
- 1.3 Supplier shall:
  - 1.3.1 Maintain a quality management system.
  - 1.3.2 Use customer-designated or approved external providers, including process sources as applicable.
  - 1.3.3 Notify Channel Partner of nonconforming processes, products, articles, or services and obtain approval for their disposition. Material Review Board (MRB) authority must not be exercised without the written consent of Channel Partner.
  - 1.3.4 Have a documented process to prevent acceptance and report information of unapproved or counterfeit parts into their quality system in accordance with the latest revisions of AC 21-29, AC 20-154, AS5553, AS6174 or DFAR 252.246-7007, as applicable.
  - 1.3.5 Notify Channel Partner of changes in product, processes or services, status of certification (if applicable) including change of external providers or location of manufacture and where required, obtain Channel Partner's approval.
  - 1.3.6 Flow down to external providers the applicable requirements including customer requirements.
- 1.4 Unless otherwise specified, all quality records must be maintained by Supplier for a minimum of seven years after product shipment. Records for critical components must be retained for seven years or as defined by regulatory and/or contractual requirements of this Agreement. Quality Records include, but are not limited to:
  - a) First Article Inspection Reports/First Article Inspection Tests
    - First Article Inspection Reports shall be completed in accordance with the latest revision of AS9102.
  - b) Work Orders
  - c) Inspection Criteria
  - d) Test and Inspection results
  - e) Nonconforming Material Documentation
  - f) Certifications

- 1.5 Records must be made available to Channel Partner's US Government Customers and Regulatory Authorities upon request.
- 1.6 Allow Channel Partner or their customers and Regulatory Authorities the right of access to any applicable areas of their facilities, at any level of the supply chain involved in the order and to all applicable records.
- 1.7 Ensure that employees are aware of their contribution to product or service conformity, product safety and the importance of ethical behavior.
- 1.8 All products, articles, parts, or materials must be provided to Channel Partner in the latest configuration unless otherwise specified within the purchase order.
- 1.9 Suppliers shall not disguise the pedigree of material or chain of ownership by removal of a previous supplier's name, nomenclature, or identification.
- 1.10 Unauthorized material substitutions are not permitted. This includes any deviation from the engineering definition of a raw material. Engineering definition includes design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish. Alternate materials specified in an engineering definition (and often described as approved material substitutions) do not constitute unauthorized material substitution.
- 1.11 Items shall be free of any foreign objects, debris, or contamination (FOD). All material supplied to Channel Partner must have openings capped or plugged. Supplier shall maintain a FOD prevention program in accordance with National Aerospace Standard NAS-412 - Foreign Object Damage/Foreign Object Debris and AS9146 - Foreign Object Damage (FOD) Prevention Program - Requirements for Aviation, Space and Defense Organizations, as applicable.
- 1.12 Supply product that does not contain or come into contact with asbestos or mercury.
- 1.13 Ensure the goods supplied to Channel Partner contain less than 0.1% by weight of any Candidate List Substances (CLS) or shall notify Channel Partner of which CLS's are present if greater than 0.1% by weight (REACH compliance). The Candidate List pursuant to Article 59 of REACH has been published by ECHA at:  
[http://www.echa.europa.eu/chem\\_data/candidate\\_list\\_table\\_en.asp](http://www.echa.europa.eu/chem_data/candidate_list_table_en.asp)
- 1.14 Not knowingly supply to Channel Partner any product containing Tantalum (and all its derivatives), Tin, Tungsten or Gold from the Democratic Republic of Congo, Burundi, Central African Republic, Rwanda, Tanzania, South Sudan, Uganda, and Zambia. Channel Partner, as a supplier to publicly traded companies, requires suppliers to perform a due diligence effort to make these determinations (Conflict Minerals - "The Dodd-Frank Wall Street and Consumer Act.").

## **2.0 Documentation**

- 2.1 Packing list/slip/etc. showing transfer of ownership to purchaser.
- 2.2 A manufacturer's Certificate of Conformance (CofC) is required when traceable to the manufacturer.
- 2.3 Certificate Of Conformance (CoC)
  - 2.3.1 The CofC must state that the item(s) meet conformity specifications. An example of this statement is: "The items certified on this document have been manufactured, tested, and inspected in accordance with the requirements of

- the applicable specifications/drawings and the results meet the requirements of such tests and inspections." (Equivalent wording is acceptable)
- 2.3.2 Certificate of Conformance, the title of the individual signing the CofC is required to be listed on CofC per 48 CFR 52.246-15, when applicable.

### **3.0 Notes:**

- 3.1 The documentation must state the appropriate specification that the part meets. It must be issued by the manufacturer of the part including a statement specifically certifying conformity with an established industry or U.S. specification.
- 3.2 Shelf-life controlled items must have a minimum of 90% life remaining at time of Delivery to Channel Partner.
- 3.3 All hardware (nuts, bolts, washers, O-rings, etc.) must be in OEM or manufacturers packaging, have an OEM/PAH or manufacturer's part ID tag in or on the bag and/or be properly identified/labeled by an authorized distributor for the OEM/PAH.

### **4.0 Additional Requirements & Remarks**

- 4.1 All inspected, tested, modified, repaired, overhauled, or rebuilt products or articles must be maintained in accordance with approved Maintenance Manuals and list Inspection(s), revision, revision date, repairs, Airworthiness Directives, Service Bulletins, etc.
- 4.2 Any material traceable to a military source will not be accepted, unless specifically stated on the Purchase Order, excluding material purchased to fulfill military contract(s) by Channel Partner.
- 4.3 It is Channel Partner's Policy not to purchase any incident related parts.

### **5.0 Additional Certification Requirements**

- 5.1 Any handwritten additions, alterations, changes, or revisions made to a preprinted document other than in an intended entry field should include one of the following: initials, name, signature, or stamp of the person making the modification, and date of the modification. Any change to documentation shall be made per industry best practices and should follow the format of a single line striking out incorrect information. Adjacent to the strikeout place the correct information, a date indicating the date of the change and one of the following: initials, name, signature, or stamp indicating the person making the change. Any electronically modified changes to a record (i.e., a PDF edit) must be digitally signed identifying the authorized individual's name, and date.

- 5.2 All elements which are listed below are the minimum mandatory elements to be referenced on the CofC:
- a) Supplier's name and address
  - b) Buyer's name and address
    - In the case of the Transfer of Ownership documentation a reference only to AAR Wood Dale and the associated Purchase Order number is acceptable on the documentation to meet the Transfer of Ownership requirement.

- c) Purchase Order or Repair Order number
  - d) Quantity (quantities to be separated by traceability number)
  - e) Date
  - f) Drawing number and revision (if applicable)
  - g) Signature of authorized Quality representative (An inspection stamp or electronic signature is acceptable providing the Supplier has documented procedures for this process.)
  - h) Serial numbers (if applicable) NOTE: An attached list of S/N's is also acceptable.
  - i) Traceability numbers as identified on component/packaging (Lot, Work Order, Batch, Date Code, etc.)
  - j) Statement of conformance to applicable flammability requirements when appropriate.
  - k) Statement of re-work to the approved engineering drawing (if applicable)
  - l) Additional elements required if the product is shelf-life limited:
    - Storage conditions
  - m) Part number
  - n) Country of Origin (COO)
- 5.3 When applicable, all material provided to Channel Partner must be properly identified in accordance with 29 CFR 1910.1200 or MIL-STD-130.
- 5.4 A certificate of calibration must accompany any product used to measure/monitor for maintenance purposes. Facilities performing calibration must have a quality management system that meets the requirements of ANSI/NCSL-Z540 or ISO 10012-1.
- 5.5 When supplying kits or parts containing multiple separate pieces, Supplier must provide a kit contents or Bill of Materials with items and quantities identified.
- 5.6 Supplier shall provide identification of products that are controlled for Shelf Life. Items will have evidence of a Cure Date, or Manufacture date, or Assembly Date, or any combination indicated on the physical part, or identification plate, band, label, or Packing Slip / Certificate of Conformance. Expiration date may be included. Supplier shall forward any special storage/handling instructions.
- 5.7 Supplier must identify any part manufacturer lot, batch, etc. numbers on the CofC. If multiple manufacturer lot, batch, etc. numbers exist, manufacturer lot, batch, etc. numbers with quantities must be listed separately on the CofC. Supplier must package parts to prevent mixing of lots.
- 5.8 Product Quality criteria confirmation must come from the Suppliers Quality or Engineering departments.

## **6.0 Channel Partner Purchased Items Returned for Evaluation and Investigation Due to a Reported Nonconformance.**

- 6.1 For PQDR exhibits or items returned to the Supplier or Supplier's sub-tier supplier, for nonconformance evaluation and investigation:
- 6.1.1 A Workshop, Strip or Findings Report is required for the reported nonconformance.
- 6.1.1.1 The Workshop, Strip or Findings Report will contain a Summary of the evaluation and inspection.

- 6.1.2 If the evaluation and inspection confirm a no defect found determination, certification or test data confirming the part meets drawings specifications is required.
- 6.1.3 If the evaluation and inspection confirm a no fault found determination, certification or test data confirming the part meets drawings specifications is required.
- 6.1.4 If the evaluation and inspection confirm the reported nonconformance, a Failure Analysis Reports shall be required in addition to the Workshop, Strip or Findings Report
  - 6.1.4.1 A Failure Analysis Report must contain the following information:
    - 6.1.4.1.1 Description of failure/event
    - 6.1.4.1.2 Summary of analysis/activities to determine the root cause.
    - 6.1.4.1.3 Corrective action taken/to be taken to eliminate the risk of recurrence.

## **7.0 Shipping and Packaging Requirements:**

- 7.1 All aerospace products must be packaged and shipped to Channel Partner per the instructions stated in the contract requirements / repair order. If no packaging/shipping requirements are specified, all items must be given adequate protection preventing any damage to the items while in transit.
  - 7.1.1 When commercial packaging is specified for military aerospace products, the packaging must meet the requirements of ASTM-D3951.
  - 7.1.2 ESD sensitive items must be properly identified and packaged per ANSI/ESD S20.20.
- 7.2 US customs requires all import shipments to package in compliance with the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Services (APHIS) import regulation for Wood Packaging Material (WPM). The rule requires WPM, such as pallets, crates, boxes, and dunnage used to support or brace cargo, to be treated as marked.
- 7.3 Hazardous material must be packaged and presented for shipment in accordance with FAR title 49, ICAO Annex 18 and IATA Dangerous Goods Requirements. Under these circumstances, personnel will be responsible for compliance with all local, state, federal and international regulations. In the event of a drop shipment, the supplier must notify Channel Partner (the shipper of record).
  - 7.3.1 In cases of noncompliance, the WPM will be subject to immediate export along with the accompanying cargo.
- 7.4 The approved treatments for wood packaging material are:
  - 7.4.1 Heat treatment to the minimum wood core temperature of 56°C for a minimum of 30 minutes or
  - 7.4.2 Fumigation with methyl bromide
- 7.5 To certify treatment, the WPM must be marked with the following International Plant Protection Convention (IPPC) logo. Paper certificates of treatment will no longer be accepted.



XX - 000  
YY

XX represents the ISO country code.  
000 represents the unique number assigned by the national plant protection organization.  
YY represents either HT for heat treatment or MB for methyl bromide fumigation.

**7.6 NOTE:** Any deviations from this standard require prior written approval of Channel Partner's Traffic Department before shipment.

#### **8.0 Calibration Service Providers:**

- 8.1** Calibration supplier's Quality Management System shall be compliant to ANSI/NCSL Z540-1 and ISO/IEC 17025.
- 8.2** In addition, the following requirements shall be met by the Calibration Service Provider:
  - 8.2.1** Calibration activities must be performed under controlled and suitable environmental conditions and by qualified personnel.
  - 8.2.2** Utilize instruments and/or masters that are certified and are traceable to the National Institute of Standards and Technology (NIST) or other nationally (or internationally) recognized standards.
  - 8.2.3** Utilize commercially accepted procedures and tolerances.
  - 8.2.4** Provide copies of certificates of calibration attesting to the accuracy of all instruments.
  - 8.2.5** Affix a sticker providing the date of calibration and the calibration due date. The sticker shall provide evidence of the calibration status.
  - 8.2.6** Notify and report to Channel Partner all "as-received" and "as-delivered" values for attributes inspected during calibration.
  - 8.2.7** Provide a basis of comparison between the observed values and expected values (either the actual observed and expected values or a statement of compliance or non-compliance, i.e., "pass" or "fail.")
  - 8.2.8** Affix tamper-proof seals, as appropriate.

## **EXHIBIT E**

**Terms and Conditions of Sale**  
**SAF-101 (Rev. 14 Oct 2020)**

}



Ontic Engineering and Manufacturing, Inc.  
Terms and Conditions of Sale  
SAF-101 (Rev. 14Oct20)

**NOTICE:** Sale of any Products is expressly conditioned on Buyer's assent to these Terms and Conditions. Any acceptance of Seller's offer is expressly limited to acceptance of these Terms and Conditions and Seller expressly objects to any additional or different terms proposed by Buyer. No purchase order will modify these Terms and Conditions even if signed by Seller's representative. Any order to perform work and Seller's performance of work will constitute Buyer's assent to these Terms and Conditions. These Terms and Conditions prevail over any of Buyer's general terms and conditions of purchase regardless whether or when Buyer has submitted its purchase order or such terms. Fulfillment of Buyer's orders does not constitute Seller's acceptance of any of Buyer's terms and conditions and does not serve to modify or amend these Terms and Conditions.

**1. Definitions**

"Buyer" means the entity to which Seller is providing Products under the Contract.

"Contract" means either the contract agreement signed by both parties, or the purchase order signed by Buyer and accepted by Seller in writing, for the sale of Products or Services, together with these Terms and Conditions, Seller's final quotation, the agreed scope(s) of work, and Seller's order acknowledgement. Unless provided otherwise in a contract agreement, these Terms and Conditions of Sale will take precedence over other documents included in the Contract.

"Contract Price" means the agreed price stated in the Contract for the sale of Products and Services, including adjustments (if any) in accordance with the Contract.

"Insolvent/Bankrupt" means that a party is insolvent, makes an assignment for the benefit of its creditors, has a receiver or trustee appointed for it or any of its assets, or files or has filed against it a proceeding under any bankruptcy, insolvency dissolution or liquidation laws.

"Products" means the equipment, parts, materials, supplies, and other goods Seller has agreed to supply to Buyer under the Contract.

"Seller" means the entity providing Products or performing Services under the Contract.

"Services" means the services Seller has agreed to perform for Buyer under the Contract.

"Site" means the premises where Products are used, not including Seller's premises from which it performs Services.

"Terms and Conditions" means these "Terms and Conditions for Sale of Products and Services," together with any modifications or additional provisions specifically stated in Seller's final quotation or expressly agreed upon by Seller in writing.

**2. Payment**

2.1. Buyer shall pay Seller for the Products and Services by paying all invoiced amounts in U.S. dollars, without set-off for any payment from Seller not due under this Contract, within 30 days from the invoice date. For each calendar month, or fraction thereof, that payment is late, Buyer shall pay a late payment charge computed at the rate of 1.5% per month on the overdue balance, or the maximum rate permitted by law, whichever is less.

2.2. If and as requested by Seller, Buyer shall at its expense establish and keep in force payment security in the form of an irrevocable, unconditional, eight letter of credit or bank guarantee allowing for payments as Products are shipped and Services are performed, plus payment of cancellation and termination charges, and all other amounts due from Buyer under the Contract ("Payment Security"). The Payment Security must be (i) in a form, and issued or confirmed by a bank acceptable to Seller, (ii) payable at the counters of such acceptable bank or negotiating bank, (iii) opened at least 60 days prior to both the earliest scheduled shipment of Products and commencement of Services, and (iv) remain in effect until the latest of 90 days after the last scheduled Product shipment, completion of all Services and Seller's receipt of the final payment required under the Contract. Buyer shall, at its expense, increase the amount(s), extend the validity period(s) and make other appropriate

modifications to any Payment Security within ten days of Seller's notification that such adjustment is necessary in connection with Buyer's obligations under the Contract.

2.3. Seller is not required to commence or continue its performance unless and until any required Payment Security is received, operative and in effect and all applicable payments have been received. If at any time Seller reasonably determines that Buyer's financial condition or payment history does not justify continuation of Seller's performance, Seller will be entitled to require full or partial payment in advance or otherwise restructure payments, request additional forms of Payment Security, suspend its performance or terminate the Contract.

**3. Taxes and Duties**

Seller shall be responsible for all corporate taxes measured by net income due to performance of or payment for work under this Contract ("Seller Taxes"). Buyer shall be responsible for all taxes, duties, fees, or other charges of any nature (including, but not limited to, consumption, gross receipts, import, property, sales, stamp, turnover, use, or value-added taxes, and all items of withholding, deficiency, penalty, addition to tax, interest, or assessment related thereto, imposed by any governmental authority on Buyer or Seller) in relation to the Contract or the performance of or payment for work under the Contract other than Seller Taxes ("Buyer Taxes"). The Contract Price does not include the amount of any Buyer Taxes. If Buyer deducts or withholds Buyer Taxes, Buyer shall pay additional amounts so that Seller receives the full Contract Price without reduction for Buyer Taxes. Buyer shall provide to Seller, within one month of payment, official receipts from the applicable governmental authority for deducted or withheld taxes.

**4. Deliveries; Title Transfer; Risk of Loss; Storage**

4.1. Products are deemed accepted by Buyer unless Buyer notifies Seller in writing within 10 days of delivery of product shortages, damage or defect. No returns may be made for any reason without a Return Material Authorization issued by Seller. If Buyer refuses to accept tender or delivery of any products or returns any products without authorization from Seller, such products will be held by Seller awaiting Buyer's instruction for 20 days, after which Seller may deem the products abandoned and dispose of them as it sees fit, without crediting Buyer's account.

4.2. Title to products and risk of loss or damage shall pass to Buyer upon delivery EXW/Ex Works Seller's factory or warehouse. Seller shall not be responsible for damage to any of the products while the products are in transit. Any claim Buyer may have due to damage in transit shall be made of Buyer against the carrier. For export shipments, Seller shall deliver Products to Buyer Ex Works Seller's factory or warehouse (Incoterms 2010). Buyer shall pay all delivery costs and charges or pay Seller's standard shipping charges. Seller reserves the right to make and to invoice for partial deliveries of completed articles. Delivery times are approximate and are dependent upon prompt receipt by Seller of all information necessary to proceed with the work without interruption. If Products delivered do not correspond in quantity, type or price to those itemized in the shipping invoice or documentation, Buyer shall so notify Seller within ten days after receipt.

4.3. The commodities purchased under this order may be subject to export licensing and other export related requirements and restrictions of the U.S.

Page 1 of 5



Export Administration Regulations, 15 CFR Parts 730-774 (EAR), and/or the U.S. International Traffic in Arms Regulations, 22 CFR Parts 120-130 (ITAR). Buyer shall comply with these regulations and all other applicable U.S. export laws and regulations when exporting the commodities or related technical data from the United States, including furnishing or transferring the commodities or related technical data to a foreign person located anywhere.

4.4. If any Products to be delivered under this Contract or if any Buyer equipment repaired at Seller's facilities cannot be shipped to or received by Buyer when ready due to any cause attributable to Buyer or its other contractors, Seller may ship the Products and equipment to a storage facility, including storage at the place of manufacture or repair, or to an agreed freight forwarder. If Seller places Products or equipment into storage, the following apply: (a) title and risk of loss immediately pass to Buyer, if they have not already passed, and delivery will be deemed to have occurred; (b) any amounts otherwise payable to Seller upon delivery or shipment will be due; (c) all expenses and charges incurred by Seller related to the storage will be payable by Buyer upon submission of Seller's invoices; and (d) when conditions permit and upon payment of all amounts due, Seller shall make Products and repaired equipment available to Buyer for delivery.

4.5. If repair Services are to be performed on Buyer's equipment at Seller's facility, Buyer shall be responsible for, and shall retain risk of loss of, such equipment always, except that Seller shall be responsible for damage to the equipment while at Seller's facility to the extent such damage is caused by Seller's negligence.

#### 5. Warranty

5.1. Seller warrants that Products shall be delivered free from defects in material, workmanship, and life and that Services shall be performed in a competent, diligent manner in accordance with any mutually agreed specifications.

5.2. All warranty adjudication requests must receive prior approval from Seller before Buyer returns any product. The Seller's Return Material Authorization (RMA) number will authenticate the warranty request upon receipt at Seller's facility. The Seller will have sole right to accept or deny any warranty upon evaluation of returned item. Failure to have Seller's RMA number clearly marked on Buyer documentation will invalidate warranty consideration. The product warranty shall start on date of delivery to Buyer, except as noted below, and shall apply as follows:

- Factory New Units: Two years
- Overhaul: One year or 2000 flight hours (documentation substantiating flight hours required), whichever occurs first
- Repair: Six months and limited to materials installed and labor performed during last repair activity
- Detal Parts: No Warranty - Guaranteed Conformity prior to installation

\*Note: Any material returned and determined by Seller to have a No Fault Found (NFF) finding will result in charges to Buyer for inspection, test and reclassification. Seller's obligation is limited to the repair and/or replacement of such products returned to the Seller, transportation charges prepaid, within time periods listed above to the Buyer when examination thereof shall disclose them to Seller's satisfaction, to have been defective. This Warranty does not apply to any of Seller's products which have been opened, disassembled, repaired or altered by anyone other than Seller or subjected to improper installation, misuse or abuse as determined by Seller. Except for the warranty coverage referenced above, Seller will not have any liability or obligation to Buyer or any other person for any claim, loss, damage, or expense caused in whole or in part, directly or indirectly, by the inadequacy of any products for any purpose, by any deficiency or defect in any product, by the use or performance of any products or by any failure or delay in Seller's performance hereunder, or for any special, direct,

indirect, incidental, consequential, exemplary or punitive damages, however caused, including, without limitation, personal injury or loss or business or profit, whether or not Buyer will have informed Seller of the possibility or likelihood of any such damages.

5.3. If Products or Services do not meet the above warranties, Buyer shall promptly notify Seller in writing prior to expiration of the warranty period. Seller shall, at its option (a) repair or replace defective Products; and / or (b) re-perform defective Services. If despite Seller's reasonable efforts, a non-conforming Product cannot be repaired or replaced, or non-conforming Services cannot be re-performed, Seller shall refund or credit monies paid by Buyer for such non-conforming Products and Services. Warranty repair, replacement or re-performance by Seller will not extend or renew the applicable warranty period. Buyer shall obtain Seller's agreement on the specifications of any tests it plans to conduct to determine whether a non-conformance exists.

5.4. The warranties and remedies set forth herein are expressly conditioned upon (a) proper storage, installation, use, operation, and maintenance of Products; (b) Buyer's keeping complete, accurate records of operation and maintenance during the warranty period and providing Seller access to those records; and (c) modification or repair of Products or Services only as authorized by Seller in writing. Failure to meet any such condition renders the warranty null and void. Seller is not responsible for normal wear and tear.

5.5. This Article 5 provides the exclusive remedies for all claims based on a failure of or defect in Products or Services, regardless of when such failure or defect arises, and whether a claim, however described, is based on contract, warranty, indemnity, tort/extra-contractual liability (including negligence), strict liability or otherwise. The warranties provided in this Article 5 are exclusive and are in lieu of all other warranties, conditions and guarantees, whether written, oral, implied or statutory. NO IMPLIED OR STATUTORY WARRANTY, OR WARRANTY OR CONDITION OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE APPLIES.

#### 6. Confidentiality

6.1. Seller and Buyer (as to information disclosed, the "Disclosing Party") may each provide the other party (as to information received, the "Receiving Party") with Confidential Information in connection with this Contract. "Confidential Information" means (a) information that is designated in writing as "confidential" or "proprietary" by Disclosing Party at the time of written disclosure, and (b) information that is orally designated as "confidential" or "proprietary" by Disclosing Party at the time of oral or visual disclosure and is confirmed to be "confidential" or "proprietary" in writing within 20 days after the oral or visual disclosure. In addition, prices for Products and Services will be considered Seller's Confidential Information.

6.2. Receiving Party agrees: (a) to use the Confidential Information only in connection with the Contract and associated Products and Services; (b) to take reasonable measures to prevent disclosure of the Confidential Information to third parties; and (c) not to disclose the Confidential Information to a competitor or any party affiliated with a competitor of Disclosing Party. The reasonable measures that Receiving Party shall take to prevent disclosure of the Confidential Information include the same security measures and degree of care that Receiving Party applies to its own confidential information, which Receiving Party warrants as providing adequate protection from unauthorized disclosure, copying or use.

6.3. Notwithstanding the restrictions set forth in 6.2, (a) Seller may disclose certain Confidential Information to its representatives and affiliates in connection with performance of the Contract, (b) a Receiving Party may disclose Confidential Information to its auditors; (c) Buyer may disclose certain Confidential Information to lenders as necessary for Buyer to secure or retain financing needed to perform its obligations under the Contract, and (d) a Receiving Party may disclose Confidential Information to any other third party with the prior written permission of Disclosing Party, and in each case, only so long as the Receiving Party obtains a non-disclosure commitment from any

Page 2 of 5



such auditors, lenders or other permitted third party that prohibits disclosure of the Confidential Information; and provided further that the Receiving Party remains responsible for any unauthorized use or disclosure of the Confidential Information. Receiving Party shall upon request return to Disclosing Party or destroy all copies of Confidential Information except to the extent that a specific provision of the Contract enables Receiving Party to retain an item of Confidential Information. Seller may also retain one archive copy of Buyer's Confidential Information.

6.4. The obligations under this Article 6 will not apply to any portion of the Confidential Information that: (a) is or becomes generally available to the public other than as a result of disclosure by Receiving Party, its representatives or its affiliates; (b) is or becomes available to Receiving Party on a non-confidential basis from a source other than Disclosing Party when the source is not, to the best of Receiving Party's knowledge, subject to a confidentiality obligation to Disclosing Party; (c) is independently developed by Receiving Party, its representatives or affiliates, without reference to or use of the Confidential Information; (d) is required to be disclosed by law or court order provided that the Receiving Party promptly notifies the Disclosing Party in advance of such disclosure and reasonably cooperates in attempts to maintain the confidentiality of the Confidential Information.

6.5. Each Disclosing Party warrants that it has the right to disclose the Confidential Information that it discloses. Neither Buyer nor Seller will be permitted to make any public announcement about the Contract without prior written approval of the other party. As to any individual item of Confidential Information, the restrictions under this Article 6 shall expire five years after the date of disclosure, except with respect to information designated as a trade secret of the Disclosing Party, in which case the obligation will not expire unless and until such Confidential Information becomes part of the public domain or subject to an exception as set forth in section 6.4, through no act or omission of the Receiving Party. Nothing in this section is intended or will be construed to supersede any separate confidentiality or nondisclosure agreement signed by the parties.

6.6 In the event Buyer and Seller have entered into a separate confidentiality agreement or mutual non-disclosure agreement, the provisions of this Section 6, Confidentiality, shall supersede that agreement as relates to this Contract.

## 7. Intellectual Property

7.1. Seller shall defend and indemnify Buyer against any claim by a non-affiliated third party (a "Claim") alleging that Products or Services furnished under this Contract infringe a patent in effect in the U.S., an EU member state or the country of the Site (provided there is a corresponding patent issued by the U.S. or an EU member state), or any copyright or trademark registered in the country of the Site, provided that Buyer (a) promptly notifies Seller in writing of the Claim; (b) makes no admission of liability and does not take any position adverse to Seller; (c) gives Seller sole authority to control defense and settlement of the Claim; and (d) provides Seller with full disclosure and reasonable assistance as required to defend the Claim.

7.2. Section 7.1 will not apply and Seller will have no obligation or liability with respect to any Claim based upon: (a) Products or Services that have been modified, or revised, (b) the combination of any Products or Services with other products or services when such combination is a basis of the alleged infringement; (e) unauthorized use of Products or Services, or (f) Products or Services made or performed to Buyer's specifications.

7.3. Should a Product or Service, or any portion thereof, become the subject of a Claim, Seller may at its option (a) procure for Buyer the right to continue using the Product or Service, or applicable portion thereof, (b) modify or replace it in whole or in part to make it non-infringing; or (c) (or (b), take back infringing Products or Services and refund the price received by Seller attributable to the infringing Products or Services.

7.4. Article 7 states Seller's exclusive liability for intellectual-property infringement by Products or Services.

7.5. Each party will retain ownership of all Confidential Information and intellectual property it had prior to the Contract. Any new intellectual property conceived or created by Seller in the performance of this Contract, whether alone or with any contribution from Buyer, will be owned exclusively by Seller, and Buyer agrees to cooperate as necessary to achieve that result.

## 8. Indemnity

Each of Buyer and Seller (as an "Indemnifying Party") shall indemnify the other party (as an "Indemnified Party") from and against claims brought by a third party because of personal injury or damage to the third party's tangible property, to the extent caused by negligent or intentional acts or omissions of the Indemnifying Party in connection with this Contract. In the event the injury or damage is caused by joint or concurrent negligence of Buyer and Seller, the loss shall be borne by each party in proportion to its degree of negligence. For purposes of Seller's indemnity obligation, no part of the Products or Site is considered third party property.

## 9. Insurance

During the term of the Contract, Seller shall maintain for its protection Commercial General Liability with a limit of \$5,000,000.00. If required in the Contract, Seller shall provide a certificate of insurance reflecting such coverage.

## 10. Excusable Events

Seller will not be liable or considered in breach of its obligations under this Contract to the extent that Seller's performance is delayed or prevented, directly or indirectly, by any cause beyond its reasonable control, or by armed conflict, acts or threats of terrorism, epidemics, strikes or other labor disturbances, or acts or omissions of any governmental authority or of the Buyer or Buyer's contractors or suppliers. If an excusable event occurs, the schedule for Seller's performance will be extended by the amount of time lost by reason of the event plus such additional time as may be needed to overcome the effect of the event. If acts or omissions of the Buyer or its contractors cause the delay, Seller will also be entitled to an equitable price adjustment.

## 11. Termination and Suspension

11.1. Buyer may terminate the Contract (or the portion affected) for cause if Seller (a) becomes Insolvent/Bankrupt; or (b) commits a material breach of the Contract that does not otherwise have a specified contractual remedy, provided that (i) Buyer first provides Seller with detailed written notice of the breach and of Buyer's intention to terminate the Contract; and (ii) Seller then fails, within 30 days after receipt of the notice, to commence and diligently pursue cure of the breach.

11.2. If Buyer terminates the Contract pursuant to Section 11.1, (a) Seller shall reimburse Buyer the difference between that portion of the Contract Price allocable to the terminated scope and the actual amounts reasonably incurred by Buyer to complete that scope; and (b) Buyer shall pay to Seller (i) the portion of the Contract Price allocable to Products completed; and (ii) amounts for Services performed before the effective date of termination. The amount due for Services will be determined in accordance with the milestone schedule (for completed milestones) and rates set forth in the Contract (or work toward milestones not yet achieved and where there is no milestone schedule), as applicable or, where there are no milestones and/or rates in the Contract, at Seller's then-current standard time and material rates.

11.3. Seller may suspend or terminate the Contract (or any affected portion thereof) immediately for cause if Buyer (a) becomes Insolvent/Bankrupt; or (b) materially breaches the Contract, including but not limited to failure or delay in Buyer's providing Payment Security, making any payment when due, or fulfilling any payment conditions.

11.4. If the Contract (or any portion thereof) is terminated for any reason other than Seller's default under Section 11.1, Buyer shall pay Seller for all Products completed and Services performed before the effective date of termination, plus

Page 3 of 5



expenses reasonably incurred by Seller in connection with the termination. The amount due for Services will be determined in accordance with the milestone schedule (or completed milestones) and rates set forth in the Contract (or work toward milestones not yet achieved and where there is no milestone schedule), as applicable or, where there are no milestones and/or rates in the Contract, at Seller's then-current standard time and material rates.

11.5. Either Buyer or Seller may terminate the Contract (or the portion affected) upon 20 days' notice if there is an excusable event (as described in Article 10) lasting longer than 120 days. In such case, Buyer shall pay to Seller amounts payable under Section 11.4.

11.6. Buyer shall pay all reasonable expenses incurred by Seller in connection with a suspension, including, but not limited to, fee collection and costs of storage during suspension. The schedule for Seller's obligations will be extended for a period reasonably necessary to overcome the effects of any suspension.

#### 12. Compliance with Laws, Codes, and Standards

12.1. Seller shall comply with laws applicable to the manufacture of Products and its performance of Services. Buyer shall comply with laws applicable to the application, operation, use and disposal of the Products and Services.

12.2. Seller's obligations are conditioned upon Buyer's compliance with all U.S. and other applicable trade control laws and regulations. Buyer shall not tranship, re-export, divert or direct Products other than in and to the ultimate country of destination declared by Buyer and specified as the country of ultimate destination on Seller's invoice.

#### 13. Changes

13.1. Each party may at any time propose changes in the schedule or scope of Products or Services. Seller is not obligated to proceed with any change until both parties agree upon such change in writing. The written change documentation will describe the changes in scope and schedule, and the resulting changes in price and other provisions, as agreed.

13.2. The scope, Contract Price, schedule, and other provisions will be equitably adjusted to reflect additional costs or obligations incurred by Seller resulting from a change, after Seller's proposal date, in Buyer's Site-specific requirements or procedures, or in industry specifications, codes, standards, applicable laws or regulations. However, no adjustment will be made because of a general change in Seller's manufacturing or repair facilities resulting from a change in laws or regulations applicable to such facilities. Unless otherwise agreed by the parties, pricing for additional work arising from such changes will be at Seller's time and material rates.

#### 14. Limitations of Liability

14.1. The total liability of Seller for all claims of any kind arising from or related to the formation, performance or breach of this Contract, or any Products or Services, will not exceed the (a) Contract Price; or (b) if Buyer places multiple order(s) under the Contract, the price of each particular order for all claims arising from or related to that order and US \$5,000 for all claims not part of any particular order.

14.2. Seller will not be liable for loss of profit or revenues, loss of use of equipment or systems, interruption of business, cost of replacement power, cost of capital, downtime costs, increased operating costs, any special, consequential, incidental, indirect, or punitive damages, or claims of Buyer's customers for any of the foregoing types of damages.

14.3. All Seller liability will end upon expiration of the applicable warranty period, if Buyer may continue to enforce a claim for which it has given notice prior to that date by commencing an action or arbitration, as applicable under this Contract, before expiration of any statute of limitations or other legal time limitation but in no event later than one year after expiration of such warranty period.

14.4. Seller will not be liable for advice or assistance that is not required for the work scope under this Contract.

14.5. If Buyer is supplying Products or Services to a third party, or using Products or Services at a facility owned by a third party, Buyer shall either (a) indemnify and defend Seller from and against any and all claims by, and liability to, any such third party in excess of the limitations set forth in this Article 14, or (b) require that the third party agree, for the benefit of and enforceable by Seller, to be bound by all the limitations included in this Article 14.

14.6. For purposes of this Article 14, the term "Seller" means Seller, its affiliates, subcontractors, and suppliers of any tier, and their respective employees. The limitations in this Article 14 will apply regardless of whether a claim is based in contract, warranty, indemnity, tort/extra-contractual liability (including negligence), strict liability or otherwise, and will prevail over any conflicting terms, except to the extent that such terms further restrict Seller's liability.

#### 15. Governing Law and Dispute Resolution

15.1. This Contract will be governed by and construed in accordance with the laws of (a) the State of California if Buyer's place of business is in the U.S.; or (b) England and Wales if the Buyer's place of business is outside the U.S., in either case without giving effect to any choice of law rules that would cause the application of laws of any other jurisdiction (the "Governing Law"). If the Contract includes the sale of Products and the Buyer is outside the Seller's country, the United Nations Convention on Contracts for the International Sale of Goods will apply.

15.2. All disputes arising in connection with this Contract, including any question regarding its existence or validity, shall be resolved in accordance with this Article 15. If a dispute is not resolved by negotiations, either party may, by giving written notice, refer the dispute to a meeting of appropriate higher management, to be held within 20 business days after the giving of notice. If the dispute is not resolved within 30 business days after the giving of notice, or such later date as may be mutually agreed, either party may commence arbitration or court proceedings, depending upon the location of the Buyer, in accordance with the following: (a) if Buyer's pertinent place of business is in the U.S., legal action may be commenced either in federal court with jurisdiction applicable to, or state court located in, either Los Angeles County, California or the location of Buyer's principal place of business; or (b) if Buyer's pertinent place of business is outside the U.S., the dispute shall be submitted to and finally resolved by arbitrator under the Rules of Arbitration of the International Chamber of Commerce ("ICC"). The parties shall select a single arbitrator in accordance with the ICC rules, unless the amount in dispute exceeds the equivalent of U.S. \$5,000,000, in which event the dispute will be adjudicated by three arbitrators. In such cases, each party shall appoint one arbitrator, and those two shall appoint the third within 30 days, with the third being deemed the Chair. The seat, or legal place of arbitration, will be London, England, and the arbitration will be conducted in English. In reaching their decision, the arbitrators shall give full force and effect to the intent of the parties as expressed in the Contract, and if a solution is not found in the Contract, shall apply the governing law of the Contract. The decision of the arbitrator(s) will be final and binding upon both parties, and neither party shall seek recourse to a law court or other authority to appeal for revisions of the decision.

15.3. Notwithstanding the foregoing, each party will have the right at any time, at its option and where legally available, to immediately commence an action or proceeding in a court of competent jurisdiction, subject to the terms of this Contract, to seek a restraining order, injunction, or similar order to enforce the confidentiality provisions set forth in Article 6 or to seek interim or conservatory measures. Monetary damages will be available only in accordance with Section 15.2.

#### 16. Inspection and Factory Tests

Seller shall apply its normal quality-control procedures in manufacturing Products. Seller shall attempt to accommodate requests by Buyer to witness

Page 4 of 5

20400 Plummer Street Chatsworth California 91311 +1 818 678 6565 office +1 818 678 6518 fax +44 (0) 333 6556 842 AOG  
California North Carolina United Kingdom Singapore  
www.ontic.com



Seller's factory tests of Products, subject to appropriate access restrictions, if such witnessing can be arranged without delaying the work.

**17. General Clauses**

17.1. Seller may assign or novate its rights and obligations under the Contract, in whole or in part, to any of its affiliates or may assign any of its accounts receivable under this Contract to any party without Buyer's consent. Buyer agrees to execute any documents that may be necessary to complete Seller's assignment or novation. Seller may subcontract portions of the work, so long as Seller remains responsible for it. The delegation or assignment by Buyer of any or all its rights or obligations under the Contract without Seller's prior written consent (which consent shall not be unreasonably withheld) will be void.

17.2. Buyer shall notify Seller immediately upon any change in ownership of more than 50% of Buyer's voting rights or of any controlling interest in Buyer. If Buyer fails to do so or Seller objects to the change, Seller may (a) terminate the Contract, (b) require Buyer to provide adequate assurance of performance (including but not limited to payment), and/or (c) put in place special controls regarding Seller's Confidential Information.

17.3. If any Contract provision is found to be void or unenforceable, the remainder of the Contract will not be affected. The parties will endeavor to replace any such void or unenforceable provision with a new provision that achieves substantially the same practical and economic effect and is valid and enforceable.

17.4. The following Articles will survive termination or cancellation of the Contract: 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, and 17.

17.5. The Contract represents the entire agreement between the parties. No oral or written representation or warranty not contained in this Contract will be binding on either party. Buyer's and Seller's rights, remedies and obligations arising from or related to Products and Services sold under this Contract are limited to the rights, remedies and obligations stated in this Contract. No modification, amendment, rescission or waiver will be binding on either party unless agreed in writing.

17.6. Except as provided in Article 14 (Limitations of Liability), this Contract is only for the benefit of the parties, and no third party will have a right to enforce any provision of this Contract, whether under the English Contracts (Rights of Third Parties) Act of 1999 or otherwise.

17.7. This Contract may be signed in multiple counterparts that together will constitute one agreement. Seller may amend all or any part of these Terms, Service Contract(s), and/or Services. Any such modifications and/or amendments to these Terms will not apply retroactively (unless agreed to separately by Buyer) and shall become effective seven days after publication; however, changes made for legal or regulatory reasons will be effective immediately upon publication.

**18. U.S. Government Contracts**

18.1. This Article 18 applies only if the Contract is for the direct or indirect sale to any agency of the U.S. government and/or is funded in whole or in part by any agency of the U.S. government.

18.2. Orders are subject to U.S. Government regulation and shall abide by the requirements of 41 CFR SS 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

Page 5 of 5

20400 Plummer Street Chatsworth California 91311 +1 818 678 6555 office +1 818 678 6518 fax +44 (0) 333 6998 842 AOG  
California North Carolina United Kingdom Singapore  
[www.ontic.com](http://www.ontic.com)

# AAR-Channel Partnership Agreement-Final (22Dec2023)

Final Audit Report

2023-12-22

Created:	2023-12-22
By:	Reid Seagren (Reid.Seagren@aarcorp.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAUfLbwCnGmFQoT7Mlgye79e-pyFlUg6m

## "AAR-Channel Partnership Agreement-Final (22Dec2023)" History

- 📄 Document created by Reid Seagren (Reid.Seagren@aarcorp.com)  
2023-12-22 - 9:23:09 PM GMT- IP address: 67.186.102.95
- ✉️ Document emailed to frank.landrio@aarcorp.com for signature  
2023-12-22 - 9:23:44 PM GMT
- 👁️ Email viewed by frank.landrio@aarcorp.com  
2023-12-22 - 9:49:58 PM GMT- IP address: 104.47.57.254
- ✍️ Signer frank.landrio@aarcorp.com entered name at signing as Frank Landrio  
2023-12-22 - 9:54:11 PM GMT- IP address: 71.125.42.234
- ✍️ Document e-signed by Frank Landrio (frank.landrio@aarcorp.com)  
Signature Date: 2023-12-22 - 9:54:13 PM GMT - Time Source: server- IP address: 71.125.42.234
- ✅ Agreement completed.  
2023-12-22 - 9:54:13 PM GMT



Adobe Acrobat Sign