

TECHNOLOGY LICENSE AND ROYALTY AGREEMENT

Manufacturing Patent and Trade Secret License

Agreement No: TLA-2024-MFG-0847

Effective Date: January 8, 2024

License Category: Exclusive Manufacturing Rights

CONTRACTING PARTIES

LICENSOR (Technology Owner)

Advanced Materials Technology Corp.

Innovation Campus, Building C
3847 Research Parkway
Austin, TX 78759

Corporate Details:

Federal EIN: 74-9384729
Incorporation: Delaware Corporation
DUNS Number: 047382947

Primary Contact:

Dr. Sarah Kim, VP Licensing
Phone: (512) 555-0392
Email: s.kim@advmaterials.com

LICENSEE (Manufacturer)

Precision Industrial Solutions Inc.

Manufacturing District
1547 Industrial Boulevard
Detroit, MI 48201

Corporate Details:

Federal EIN: 38-2749183
Incorporation: Michigan Corporation
NAICS Code: 332710

Primary Contact:

James Martinez, Chief Technology
Officer
Phone: (313) 555-0847
Email: j.martinez@precisionind.com

1. LICENSED TECHNOLOGY AND PATENTS

1.1 Licensed Patents: Licensor hereby grants to Licensee the rights to use, manufacture, and distribute products incorporating the following patented technologies:

Core Patent Portfolio:

- **US Patent 11,247,839:** "Advanced Composite Bearing Assembly with Self-Lubricating Properties" (Expires: March 15, 2041)
- **US Patent 11,089,472:** "High-Temperature Resistant Polymer Coating System" (Expires: August 22, 2040)
- **US Patent 10,958,364:** "Precision Injection Molding Process for Metal-Polymer Hybrids" (Expires: December 3, 2039)
- **International PCT/US2022/015847:** "Smart Material Integration for Automotive Components" (Pending)

1.2 Trade Secrets: License includes access to proprietary manufacturing processes, quality control specifications, and technical documentation related to **"MicroPrecision™ Manufacturing Protocol"** and associated trade secrets.

1.3 Licensed Products: Rights granted hereunder apply specifically to:

- Automotive transmission components utilizing licensed bearing technology
- Industrial machinery parts incorporating polymer coating systems
- Aerospace-grade composite materials for approved applications
- Custom tooling and fixtures required for licensed manufacturing processes

2. GRANT OF RIGHTS AND TERRITORY

2.1 Scope of License: Licensor grants Licensee an **exclusive license** within the Licensed Territory to manufacture, use, and sell Licensed Products, subject to the terms and conditions herein.

2.2 Licensed Territory: **United States, Canada, and Mexico** for manufacturing operations. Distribution rights extend to include **all of North and South America** .

2.3 Field of Use Restrictions: Licensed rights are limited to automotive, industrial machinery, and aerospace applications. Military/defense applications require separate written authorization and additional royalty terms.

2.4 Term: This Agreement shall commence on January 8, 2024, and continue for an initial term of **ten (10) years** , with automatic renewal for successive five (5) year periods unless either party provides 18 months written notice of non-renewal.

3. ROYALTY STRUCTURE AND PAYMENT TERMS

3.1 Royalty Rate Structure: Licensee shall pay Licensor royalties based on Net Sales of Licensed Products according to the following tiered structure:

Tier 1 - Automotive Components:

Annual Net Sales Volume	Royalty Rate	Minimum Annual Royalty
\$0 - \$5,000,000	6.5%	\$125,000
\$5,000,001 - \$15,000,000	5.8%	\$200,000
\$15,000,001 - \$50,000,000	5.2%	\$350,000
Above \$50,000,000	4.8%	\$500,000

Tier 2 - Industrial & Aerospace Components:

Annual Net Sales Volume	Royalty Rate	Premium Multiplier
All Industrial Applications	7.2%	Standard Rate
Aerospace/High-Performance	8.5%	1.18x Base Rate
Custom Engineering Projects	9.8%	Plus \$15K engineering fee

3.2 Net Sales Definition: "Net Sales" means gross invoice price of Licensed Products sold by Licensee, less: (a) actual freight costs, (b) sales taxes and duties, (c) returns and allowances actually credited, (d) trade discounts not exceeding **8%** , and (e) distributor commissions not exceeding **12%** .

3.3 Minimum Annual Guarantees: Licensee guarantees minimum annual royalty payments as specified in the rate structure, regardless of actual sales volume. Minimum guarantees are **non-refundable but creditable** against earned royalties in the same calendar year.

4. UPFRONT FEES AND MILESTONE PAYMENTS

4.1 License Fee: Licensee shall pay a one-time, non-refundable license fee of **\$850,000** within 30 days of Agreement execution, representing access to patent portfolio and initial technology transfer.

4.2 Technology Transfer Fee: An additional **\$275,000** shall be paid for comprehensive technology transfer, including on-site training, process documentation, and initial quality certification support.

4.3 Milestone Payments:

Milestone Event	Payment Amount	Due Date
First Commercial Production	\$150,000	Within 30 days of achievement
\$10M Cumulative Net Sales	\$200,000	Within 60 days of achievement
\$50M Cumulative Net Sales	\$350,000	Within 60 days of achievement
Market Leadership Achievement*	\$500,000	Annual review basis

**Market Leadership defined as >25% market share in defined automotive transmission component segment*

5. MANUFACTURING AND QUALITY REQUIREMENTS

5.1 Manufacturing Standards: All Licensed Products must be manufactured in accordance with Licensor's specifications and quality standards, including **ISO 9001:2015** and **TS 16949** automotive quality certifications.

5.2 Production Volume Commitments:

- Year 1-2: Minimum 50,000 units annually across all Licensed Products
- Year 3-5: Minimum 125,000 units annually with 15% year-over-year growth
- Year 6+: Minimum 200,000 units annually or market penetration targets

5.3 Capital Investment Requirements: Licensee commits to minimum capital investment of **\$2.5 million** in specialized manufacturing equipment within 18 months of Agreement execution.

IMPORTANT: Failure to meet production volume commitments for two consecutive years may result in conversion from exclusive to non-exclusive license terms, with 180 days written notice.

6. REPORTING AND PAYMENT OBLIGATIONS

6.1 Royalty Reports: Licensee shall submit detailed quarterly royalty reports within **45 days** following each calendar quarter end, containing:

- Units manufactured, sold, and inventory levels by product category
- Gross sales, deductions, and Net Sales calculations
- Customer segment analysis and geographic distribution data
- Production cost analysis and quality metrics

6.2 Payment Terms: Royalty payments shall accompany quarterly reports. All payments due within **30 days of report submission**. Late payments subject to **1.5% monthly** service charge.

6.3 Currency and Banking: All payments in US Dollars via wire transfer to Licensor's designated account. Foreign exchange costs borne by Licensee.

6.4 Audit Rights: Licensor may audit Licensee's books and records related to Licensed Products **once annually** upon 60 days written notice. If audit reveals underpayment >5%, Licensee bears audit costs.

7. INTELLECTUAL PROPERTY AND IMPROVEMENTS

7.1 Ownership of Improvements: Any improvements, modifications, or derivative works created by Licensee shall be **jointly owned** by both parties, with Licensor receiving non-exclusive rights to license such improvements to third parties.

7.2 Patent Prosecution: Licensor shall maintain and prosecute licensed patents at its expense. Licensee may participate in prosecution decisions for improvements and shall contribute **40% of prosecution costs** for jointly-owned improvements.

7.3 Infringement Defense: Both parties shall promptly notify each other of potential patent infringement. Defense costs and any recovery shall be shared **60% Licensor / 40% Licensee** for core patents, equal split for improvements.

8. COMPLIANCE AND REGULATORY MATTERS

8.1 Regulatory Compliance: Licensee responsible for all regulatory approvals, environmental compliance, and safety certifications required for manufacturing and sale of Licensed Products in the Licensed Territory.

8.2 Export Controls: Both parties shall comply with all applicable export control laws and regulations. No Licensed Products may be exported to restricted countries without proper authorization.

8.3 Environmental Standards: All manufacturing operations must comply with **ISO 14001** environmental management standards and local environmental regulations.

9. TERMINATION AND POST-TERMINATION

9.1 Termination for Cause: Either party may terminate upon 90 days written notice for material breach that remains uncured after 60-day cure period.

9.2 Sell-Off Period: Upon termination, Licensee may continue selling existing inventory for **twelve (12) months** , subject to continued royalty payments and reporting obligations.

9.3 Technology Return: Licensee shall return all proprietary documentation and cease use of trade secrets within **180 days** of termination. Manufacturing equipment may be retained but not used for competing products.

10. GENERAL PROVISIONS

10.1 Governing Law: This Agreement shall be governed by the laws of the State of Texas, with exclusive jurisdiction in Travis County District Courts or applicable federal courts.

10.2 Dispute Resolution: Any disputes shall be resolved through binding arbitration under American Arbitration Association Commercial Rules, with arbitration conducted in Austin, Texas.

10.3 Force Majeure: Neither party liable for delays due to acts of God, war, terrorism, pandemic, government action, labor disputes, or supply chain disruptions beyond reasonable control.

10.4 Entire Agreement: This Agreement represents the complete understanding between parties and supersedes all prior agreements, representations, and understandings.

**ADVANCED MATERIALS
TECHNOLOGY CORP.**

**PRECISION INDUSTRIAL SOLUTIONS
INC.**

(Licensor)	(Licensee)
<div><div></div><div>Dr. Sarah Kim</div><div>Vice President, Licensing</div><div>Date: January 8, 2024</div></div>	<div><div></div><div>James Martinez</div><div>Chief Technology Officer</div><div>Date: January 8, 2024</div></div>
<div><div></div><div>Robert Chen, PhD</div><div>Chief Executive Officer</div><div>Date: January 8, 2024</div></div>	<div><div></div><div>Maria Rodriguez</div><div>Chief Executive Officer</div><div>Date: January 8, 2024</div></div>

CONFIDENTIAL AND PROPRIETARY - This document contains confidential business information and trade secrets. Unauthorized disclosure is prohibited.

Technology License Agreement | Document ID: TLA-2024-MFG-0847 | Page 1 of 1

LicenseIQ POC Testing Document | CimpleIT Platform Demonstration - Manufacturing Sector