

ELECTRONICS PATENT LICENSE & ROYALTY AGREEMENT

Semiconductor IP and Component Technology License

License Agreement No: ELC-2024-SEMI-3947

Effective Date: March 22, 2024

License Classification: Non-Exclusive Electronic Component Rights

USPTO Patent Portfolio: 47 Active Patents | 12 Pending Applications

CONTRACTING PARTIES

LICENSOR (IP Owner/Semiconductor Company)

Advanced Chip Technologies Corp.
Silicon Valley Research Campus
2847 Innovation Drive, Building 7
San Jose, CA 95134

Corporate Information:

Federal EIN: 77-3847291
Delaware Corporation ID: 7738472
NASDAQ Symbol: ACTC
SEC CIK Number: 0001847392

Primary Contact:

Dr. Kevin Zhang, VP of Licensing
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LICENSEE (Electronics Manufacturer)

Nexus Electronics Manufacturing Inc.
Industrial Technology Park
15847 Manufacturing Boulevard
Austin, TX 78759

Business Information:

Federal EIN: 74-8392847
Texas Corporation Charter: 803847291
ISO 9001:2015 Certified
FCC Registration: 0147-EX-ST-2019

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1. LICENSED PATENT PORTFOLIO AND INTELLECTUAL PROPERTY

1.1 Core Patent Portfolio: Licensor hereby grants Licensee non-exclusive rights to manufacture, use, and distribute products incorporating the following patented technologies:

Semiconductor and Microprocessor Patents:			
Patent Number	Technology Description	Expiration Date	Geographic Coverage
US 11,789,456	Advanced ARM-Compatible Processor Architecture	June 15, 2041	US, EU, Japan, Korea
US 11,645,782	Power Management Integrated Circuit (PMIC)	September 8, 2040	Worldwide
US 11,523,941	High-Speed Memory Controller Interface	December 3, 2039	US, EU, China
US 11,398,675	Wireless Communication Chipset Design	March 27, 2039	US, EU, Japan
US 11,267,834	AI Acceleration Processor Unit (APU)	August 14, 2038	Worldwide

Circuit Design and Interface Patents:	
<ul style="list-style-type: none">US Patent 11,156,923: "USB-C Power Delivery Controller with Advanced Safety Features" (Expires: November 30, 2038)US Patent 11,089,547: "Multi-Protocol Display Interface Controller (HDMI/DP/USB-C)" (Expires: July 18, 2038)US Patent 10,978,432: "Adaptive Frequency Scaling for Mobile Processors" (Expires: April 25, 2037)US Patent 10,845,691: "Secure Boot Architecture for Embedded Systems" (Expires: January 12, 2037)	

1.2 Trade Secrets and Know-How: License includes access to proprietary manufacturing processes, chip layout designs, and technical documentation including:

- **ChipDesign Pro™:** Proprietary circuit design methodology and optimization algorithms
- **PowerEfficient™ Protocol:** Advanced power management implementation guidelines
- **SecureCore™ Architecture:** Hardware security implementation specifications
- **TestSuite Pro™:** Comprehensive chip testing and validation procedures

1.3 Licensed Product Categories: Rights granted apply to the following electronic device categories:

- Smartphones and mobile communication devices
- Tablets, laptops, and portable computing devices
- Smart home devices and IoT endpoints
- Automotive electronics and infotainment systems
- Industrial automation and control systems
- Medical device electronics (subject to additional compliance terms)

2. SCOPE OF RIGHTS AND TERRITORY

2.1 Grant of Rights: Licensor grants Licensee a **non-exclusive license** to manufacture, use, sell, and distribute Licensed Products incorporating the licensed technologies within the Licensed Territory.

2.2 Licensed Territory:

- **Tier 1 Markets:** **United States, Canada, Mexico** (full manufacturing and distribution rights)
- **Tier 2 Markets:** **European Union, United Kingdom, Australia, New Zealand** (distribution only, with approved manufacturing partners)
- **Tier 3 Markets:** **Japan, South Korea, Taiwan** (distribution only, premium royalty rates apply)
- **Excluded Markets:** China, India, Russia (separate licensing agreements required)

2.3 Field of Use Restrictions:

- **Consumer Electronics:** Standard licensing terms apply
- **Automotive Applications:** Additional safety certification requirements and **+15% royalty premium**
- **Medical Devices:** FDA compliance required, **+25% royalty premium**
- **Military/Defense:** Requires separate ITAR-compliant licensing agreement

- **Aerospace:** Requires separate space-qualified component licensing

2.4 License Term: Initial term of **seven (7) years** commencing March 22, 2024, with automatic renewal for successive three (3) year periods unless either party provides 18 months written notice of non-renewal.

3. ROYALTY STRUCTURE AND PAYMENT TERMS

3.1 Component-Based Royalty Structure: Licensee shall pay royalties based on Net Sales of Licensed Products according to the following per-unit structure:

Tier 1 - Smartphone and Mobile Device Components:

Component Type	Royalty per Unit	Volume Threshold	Discount Rate
ARM-Compatible Processors	\$3.25	1M+ units/year	\$2.85
Power Management ICs	\$1.75	2M+ units/year	\$1.45
Memory Controllers	\$2.15	1.5M+ units/year	\$1.85
Wireless Chipsets	\$4.50	500K+ units/year	\$3.95
AI Acceleration Units	\$6.75	250K+ units/year	\$5.95

Tier 2 - Consumer Electronics and Computing:

Product Category	Royalty Rate (% of ASP)	Minimum per Unit	Maximum per Unit
Tablets and E-Readers	2.5%	\$3.50	\$15.00
Laptops and Ultrabooks	1.8%	\$8.00	\$35.00
Smart Home Devices	3.2%	\$1.25	\$8.50
Wearable Electronics	4.1%	\$2.75	\$12.00

Tier 3 - Specialized Applications (Premium Markets):

Application Sector	Base Royalty Rate	Premium Multiplier	Effective Rate
Automotive Electronics	2.5%	1.15x	2.875%
Medical Device Electronics	2.5%	1.25x	3.125%
Industrial Automation	2.5%	1.10x	2.75%
Server and Data Center	1.5%	1.30x	1.95%

3.2 Geographic Royalty Adjustments:

- **Tier 1 Markets (US/Canada/Mexico):** Standard rates as specified above
- **Tier 2 Markets (EU/UK/Australia):** +10% premium on all royalty rates
- **Tier 3 Markets (Japan/Korea/Taiwan):** +20% premium on all royalty rates

3.3 Minimum Annual Guarantees: Licensee guarantees minimum annual royalty payments regardless of actual sales:

Contract Year	Minimum Annual Royalty	Quarterly Payment
Year 1-2	\$2,500,000	\$625,000
Year 3-4	\$4,000,000	\$1,000,000
Year 5+	\$6,500,000	\$1,625,000

4. UPFRONT FEES AND TECHNOLOGY ACCESS

4.1 Initial License Fee: Licensee shall pay a one-time, non-refundable license fee of **\$1,250,000** within 45 days of Agreement execution, providing access to the complete patent portfolio and initial technical documentation.

4.2 Technology Transfer Package: Comprehensive technology transfer including reference designs, development tools, and technical support for **\$850,000**:

Technology Component	Included Items	Value
Reference Design Kits	PCB layouts, schematics, BOM	\$325,000
Development Software	Design tools, simulation software, compilers	\$275,000
Technical Documentation	Integration guides, APIs, test procedures	\$150,000
Engineering Support	120 hours of expert consultation	\$100,000

4.3 Annual Support and Updates: Ongoing technical support, software updates, and new patent additions for **\$185,000 annually**, including:

- Quarterly technology updates and new patent notifications
- Access to online technical support portal with 24/7 availability
- Annual on-site consultation (40 hours of expert engineer time)
- Priority access to new patent portfolio additions

4.4 Volume Milestone Bonuses: Additional payments based on cumulative sales achievements:

Cumulative Unit Sales	Milestone Payment	Due Date
5 million units	\$500,000	Within 90 days of achievement
25 million units	\$1,250,000	Within 90 days of achievement
100 million units	\$2,500,000	Within 90 days of achievement

5. MANUFACTURING AND COMPLIANCE REQUIREMENTS

5.1 Manufacturing Standards: All Licensed Products must be manufactured in accordance with:

- **ISO 9001:2015** quality management systems
- **ISO/TS 16949** automotive quality standards (for automotive applications)
- **IPC-A-610** electronic assembly standards
- **JEDEC standards** for semiconductor reliability testing
- **RoHS compliance** for all electronic components

5.2 Production Volume Commitments:

- **Year 1-2:** Minimum 2.5 million licensed components annually
- **Year 3-4:** Minimum 5 million licensed components annually with 25% growth target
- **Year 5+:** Minimum 8 million licensed components annually or market leadership in 2+ categories

5.3 Regulatory Compliance Requirements:

- **FCC Certification:** All wireless products must obtain FCC ID certification
- **CE Marking:** Products sold in EU must comply with EMC and safety directives
- **FDA Approval:** Medical device applications require pre-market approval
- **ITAR Compliance:** Military applications subject to export control regulations

5.4 Quality Assurance: Licensee shall maintain quality metrics including:

- Defect rate below **50 PPM (parts per million)** for all licensed components
- Customer return rate below **0.1%** within 12 months of sale
- Compliance with Licensor's electrical and mechanical specifications within **±2% tolerance**

QUALITY COMPLIANCE WARNING: Failure to meet quality standards for three consecutive quarters may result in mandatory quality improvement program at Licensee's expense and potential production restrictions.

6. REPORTING AND PAYMENT OBLIGATIONS

6.1 Detailed Sales Reports: Licensee shall submit comprehensive quarterly reports within **30 days** following each calendar quarter, containing:

- Units manufactured, sold, and inventory by component type and product category
- Average selling prices (ASP) and Net Sales calculations by geographic region
- Customer segment analysis (OEM, retail, enterprise, etc.)
- Manufacturing facility locations and production capacity utilization
- Quality metrics, defect rates, and compliance certifications
- Competitive analysis and market share data

6.2 Payment Terms and Schedule:

- Royalty payments accompany quarterly reports, due within **45 days** of quarter end
- Minimum guarantee payments due quarterly in advance
- All payments in US Dollars via wire transfer to designated accounts
- Late payment penalty: **1.75% per month** plus collection costs
- Foreign exchange costs borne by Licensee

6.3 Audit and Verification Rights: Licensors may conduct annual audits of Licensee's books, records, and manufacturing facilities upon **60 days written notice**. If audit reveals underpayment exceeding 5%, Licensee shall bear all audit costs plus interest on underpaid amounts.

6.4 Record Retention: Licensee shall maintain detailed records for minimum of **ten (10) years** including manufacturing logs, sales data, quality test results, and financial records related to Licensed Products.

7. INTELLECTUAL PROPERTY MANAGEMENT

7.1 Improvements and Derivatives: Any improvements or derivative works created by Licensee relating to licensed technologies shall be **jointly owned**, with Licensors receiving perpetual, royalty-free rights to license such improvements to third parties.

7.2 Patent Prosecution and Maintenance:

- Licensors responsible for prosecuting and maintaining core patent portfolio at its expense
- Licensee may contribute to prosecution decisions for joint improvements
- Cost sharing for joint patents: **60% Licensors / 40% Licensee**
- Abandonment decisions require mutual consent for commercially significant patents

7.3 Patent Infringement and Enforcement:

- Both parties shall promptly notify each other of suspected infringement
- Licensor has first right to enforce patents, with Licensee's reasonable cooperation
- Defense costs and recovery shared: **70% Licensor / 30% Licensee** for core patents
- Equal cost sharing and recovery for jointly-owned improvement patents

7.4 Third-Party Claims: Licensor shall defend and indemnify Licensee against patent infringement claims related to licensed technologies, subject to **\$50 million aggregate limit** per incident.

8. REGULATORY AND EXPORT COMPLIANCE

8.1 Export Control Compliance:

- Compliance with EAR (Export Administration Regulations) and ITAR requirements
- No export to sanctioned countries or restricted end-users without proper authorization
- Dual-use technology notifications and proper classification procedures
- End-user verification and documentation for controlled technology transfers

8.2 Industry Standards Compliance:

- **Telecommunications:** 3GPP, IEEE 802.11 standards compliance for wireless products
- **Automotive:** ISO 26262 functional safety standards for automotive electronics
- **Medical:** IEC 62304 software lifecycle processes for medical device software
- **Industrial:** IEC 61508 safety integrity level (SIL) compliance for industrial control

8.3 Environmental and Sustainability:

- RoHS and REACH compliance for all European market products
- WEEE directive compliance for electronic waste management
- Conflict minerals reporting (Section 1502 of Dodd-Frank Act)
- Carbon footprint reporting for supply chain sustainability initiatives

9. MARKETING AND BRAND PROTECTION

9.1 Technology Branding: Licensee may reference licensed technologies in marketing materials using approved terminology:

- "Powered by Advanced Chip Technologies" branding (with approval)
- Technical specification references in product documentation
- Joint marketing opportunities for flagship product launches
- Trade show participation with coordinated messaging

9.2 Patent Marking Requirements: All Licensed Products and documentation must include

proper patent notices: **"Protected by US Patents: [Patent Numbers]. Other patents pending."**

9.3 Co-Marketing Investment: Licensor shall contribute **\$500,000 annually** toward joint marketing initiatives, technology conferences, and industry publications featuring Licensed Products.

10. TERMINATION AND TRANSITION

10.1 Termination Events:

- Material breach with 120-day cure period
- Insolvency, bankruptcy, or assignment for benefit of creditors
- Patent invalidation affecting >50% of core portfolio value
- Failure to meet minimum production commitments for 18 consecutive months

10.2 Sell-Off and Wind-Down Period: Upon termination, Licensee may:

- Continue selling existing finished goods inventory for **24 months**
- Complete products in various stages of production within **12 months**
- Honor existing customer commitments with continued royalty obligations
- Transfer technology to approved successor licensee (with Licensor consent)

10.3 Technology Return: Within **180 days** of termination:

- Return all proprietary documentation, software, and technical materials
- Cease use of licensed technologies in new product development
- Destroy development tools and reference designs (with certification)
- Transfer or destroy jointly-owned IP improvements per Licensor direction

11. GENERAL PROVISIONS

11.1 Governing Law and Jurisdiction: This Agreement shall be governed by the laws of the State of California, with exclusive jurisdiction in Santa Clara County Superior Court or applicable federal courts.

11.2 Dispute Resolution: Technology-related disputes shall be resolved through binding arbitration under International Chamber of Commerce (ICC) Rules, with arbitration conducted in San Francisco, California.

11.3 Force Majeure: Neither party liable for delays due to acts of God, war, terrorism, pandemic, semiconductor supply chain disruptions, government regulations, or other circumstances beyond reasonable control affecting electronics manufacturing.

11.4 Insurance Requirements: Licensee shall maintain:

- General liability insurance: minimum **\$10 million** per occurrence
- Product liability insurance: minimum **\$25 million** aggregate
- Professional liability insurance: minimum **\$5 million** for design errors
- Cyber liability insurance: minimum **\$15 million** for data breaches

11.5 Confidentiality: Both parties acknowledge receipt of confidential information and agree to maintain confidentiality for **ten (10) years** following Agreement termination.

11.6 Entire Agreement: This Agreement constitutes the complete understanding between parties and supersedes all prior agreements, purchase orders, and understandings relating to the licensed technologies.

**ADVANCED CHIP TECHNOLOGIES
CORP.**
(Licensor)

**NEXUS ELECTRONICS
MANUFACTURING INC.**
(Licensee)

Dr. Kevin Zhang
Vice President, Licensing
Date: March 22, 2024

Lisa Chen
Chief Technology Officer
Date: March 22, 2024

Jennifer Liu, PhD
Chief Executive Officer
Date: March 22, 2024

David Park
Chief Executive Officer
Date: March 22, 2024

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