

## SALES AND DISTRIBUTION AGREEMENT

THIS AGREEMENT, made effective as of April 1, 2020 (the "Effective Date"), by and between MUSIC VIDEO DISTRIBUTORS, INC., with an address at 203 Windsor Rd, Pottstown, PA 19464, USA (the "Distributor") and ARROWFILM DISTRIBUTORS LTD with an address of business at The Engine House, Shenley Park, Radlett Lane, Shenley, Herts, WD7 9KP (the Licensor).

### 1. Grant.

(a) The Licensor is the owner of all right, title and interest, free and clear of all judgments, claims and encumbrances in a series of audiovisual works and future works, some of which is shown on Schedule A (the "Film").

(b) The Licensor hereby grants the Distributor an exclusive license for the Territory of The United States of America to promote, advertise, sell, transfer and distribute the Film on DVD, Blu Ray Disc, Ultra HD Bluray (aka 4k Ultra HD) , in packaging mutually acceptable to Distributor and Licensor. Licensor agrees to provide the Film fully packaged and ready for sale in Digital Video Disc (DVD) format along with all necessary data and information that goes into the setup specifications.

c) This Agreement replaces and supersedes any and all prior Distribution Agreements, amendments and renewals between the Parties.

### 2. Term.

This Agreement shall be effective as of the Effective Date, and shall remain in effect for [REDACTED] thereafter. This Agreement shall be renewed automatically for succeeding terms of [REDACTED] each ("Renewal Term") unless either party gives notice to the other [REDACTED] days before the expiration of the Renewal Term. In the event that Licensor is in a credit balance as a result of unrecouped manufacturing expenses or Returns, Term shall continue until such time that Licensor is out of a credit balance or Licensor pays the balance due.

### 3. Royalties.

- a. The Distributor shall pay Licensor a royalty [REDACTED] of wholesale price per Film unit sold to the customers of the Distributor;
- b. The Distributor shall decrease Royalty to [REDACTED] of wholesale price contingent on Net Sales reaching [REDACTED] each [REDACTED] month period during the Term commencing [REDACTED] and;
- c. The Distributor shall decrease Royalty to [REDACTED] of wholesale price contingent on Net Sales reaching [REDACTED] in each [REDACTED] month period during the Term commencing [REDACTED]. For the avoidance of doubt, any decreased royalty during the Term shall be calculated annually, and adjusted at the end of each [REDACTED] anniversary period during the Term. This annual adjustment, if earned by achieving the above [REDACTED] thresholds, shall be processed in no less than [REDACTED] rebates/adjustments by Distributor to Licensor. For the avoidance of doubt and by example, if Distributor has earned an annual deduction [REDACTED] Distributor shall credit this amount quarterly with four different [REDACTED] reductions.

The Film shall have a suggested retail price and wholesale price as shown on Schedule A. Payments of royalties will be made to Licensor monthly, within [REDACTED] 45 days after the end of the calendar month during which the sales were made to the customers of the Distributor. Distributor has the right to sell to rental chains, special markets and also internationally at reduced prices [REDACTED] of the suggested retail price without written approval from Licensor to Distributor. Bad debts will be borne as follows: Licensor Share percentage [REDACTED] and Distributor Share percentage [REDACTED]. Distributor reserves the right to withhold up to [REDACTED] of total exposure of royalty payable to Licensor as a reserve against future returns, to be paid back each month from the prior month's withholding.

### 4. Advance.

The Distributor shall pay licensor an advance of [REDACTED] One Hundred Thousand Dollars (\$100,000) against future royalties within sixty [REDACTED] days of the execution of this Agreement.

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5. Advance Recoupment.

Distributor shall recoup up to \$10,000 per month of the Advance against monthly royalties payable to Licensor. In the event that Distributor is unable to recoup the full applicable monthly recoupment amount of \$10,000 in any given month, the Distributor may add the unrecouped portion of the monthly recoupment for the next month and thereafter.

6. Special considerations

- a) Distributor shall hire at the earliest reasonable convenience, but no later than 8 months from signature of this agreement a dedicated full time employee to work solely on Licensor's content. The hiring decision, tasks and activities shall be a mutually agreed between the parties. Distributor shall solely pay for the salary and benefits of this new dedicated hire.
- b) Distributor shall promptly engage a video business sales tracking service that tracks sales/scans and industry data for video products, comparable to VideoScan. Distributor shall solely pay for this service.

7. Records and Reports.

During the term of this Agreement and for a period of [redacted] thereafter, the Licensor will have access to the books of the Distributor relating to sales of the Film (the "Books"), and may examine the Books upon reasonable prior notice to the Distributor.

8. Delivery

Licensor agrees to deliver the Film to Distributor's freight forwarder in the UK within [redacted] (3) weeks of any purchase order. Licensor will deliver the Film to Distributor's freight forwarder in the UK at Distributor's sole expense. Distributor shall pay for the shipping from the freight forwarder to Distributor's US warehouse in the USA at Distributor's sole expense.

9. Advertising and Promotion.

- a) Distributor shall have the right to utilize the trailer of each film as provided by Licensor for broadcast promotional use only.
- b) Distributor shall retain the non-exclusive right to utilize the trailer of each Film to stream or download on the internet for the sole purpose of promoting the Film for sale.
- c) All marketing expenses will be requested in writing from Distributor to Licensor, except those as noted in part 6d. Only authorized marketing expenses from Licensor to Distributor may be deducted against royalty payments. All marketing expense deductions must have proof of performance that the marketing was completed, including, but not limited to, copies of publications, invoices, notarized statements from retail, etc.
- d) The following customers take advertising credits ongoing without any prior written approval. These charges may be deducted against royalty payments:
  - 1) Amazon.com - 7% of ongoing purchases quantity
  - 2) Trans World Entertainment Stores (aka TWEC or FYE Stores) - \$2.00 per unit sold initial order only
  - 3) Barnes & Noble buy 2 get 1 free annual sale. Deductions split on a pro-rata basis according to actual units sold during annual sale
  - 4) Barnes & Noble merchandising/shipping fee of \$ .19 per unit shipped to brick and mortar stores for periodic promotional music and video resets, billed by AEC bi-annually. Applicable for CD, DVD, and Bluray (but not Vinyl).
  - 5) MVD New Release book standard charge of \$25.00 per title for a minimum cut. Additional charges for larger ad placement in MVD book shall be deductible with written approval of Licensor.
  - 6) Family Video - \$900 fee for marketing DVD or Bluray rental in Family Video new release book

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(conditional on Family Video chainwide purchase of approximately 800 units)

10. Representations, Warranties and Covenants of Licensor.

- (a) Licensor has full legal right, license, power and authority, free of all judgments, claims and restrictions, to enter into and fully perform its obligations under this Agreement.
- (b) Neither this Agreement nor the performance hereunder or fulfillment hereof by any party will, at any time, infringe upon the rights of any other entity or person.
- (c) Licensor has no knowledge of any claim which would interfere with the rights or obligations licensed, transferred or granted in this Agreement to the Distributor.
- (d) Neither the Film nor any of the footage, performances, materials or information embodied or referred to therein, violates or will violate or infringe upon any copyrights, trademarks, trade secrets or any other intellectual property or any rights of any third party or entity.
- (e) To the best of the Licensor's knowledge, the royalties payable to the Licensor by the Distributor shall be inclusive of all monies payable to any party having contributed services or rights or otherwise having an interest in the film including but not limited to any record company, actors, producers, directors, photographers, copyrights owners, and any session to other musicians or to unions or association having a mandate in this respect. The Licensor hereby warrants and confirms that no money shall be payable by the Distributor to any third party whatsoever as a result of the exercise by the Distributor of its rights hereunder.
- (f) Distributor has no obligation to Licensor except as provided in this Agreement.
- (g) Licensor has not done, nor will it do or authorize, any person or entity to do anything inconsistent with or which might diminish, impair or interfere with any of the rights or obligations licensed, transferred or granted to Distributor in this Agreement.
- (h) The Licensor agrees to defend, indemnify and hold Distributor, its shareholders, officers, directors, employees, sub-distributors, customers, agents and all of their successors and assigns harmless from any claims, actions damages or expenses (including attorneys' fees) arising out of or relating to (i) Licensor's breach, default or non-fulfillment of the provisions of this Agreement; (ii) libel, slander, piracy, plagiarism, invasion of privacy or infringement of copyright based upon materials, information or embodiments contained in or referred to in the Film; and (iii) any inaccuracy in any representation or warranty of Licensor contained in this Paragraph 10.

11. Notices.

All notices required or desired to be given hereunder shall be addressed to the other party's address as set forth in the opening paragraph of this Agreement, unless another address for either party is substituted by written notice to the other party. All notices required or desired to be given under this Agreement, shall be sent by United States Postal Service, certified mail, return receipt requested. All notices shall be deemed to be effective seven (7) days after mailing.

12. Governing Law.

This Agreement shall be considered as having been entered into in the Commonwealth of Pennsylvania, and shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania. The situs of any actions concerning this Agreement and the performance hereunder shall be in Montgomery County, Pennsylvania.

13. Confidentiality

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Neither party will, without the express written consent of the other, disclose the terms of this Agreement or any other conditions between the parties, except as it relates that party's attorneys, management, and directors. Licensor may however disclose the general deal points as they relate to the original content owners of the Film.

14. Severability.

If any portion of this Agreement is determined to be invalid or unenforceable, in whole or in part, by a Court of competent jurisdiction, the remainder of this Agreement shall not be affected by such determination and shall remain valid and enforceable to the fullest extent permitted by law.

15. Entire Agreement; Amendments.

The terms set forth in this Agreement constitute the entire understanding and agreement between the parties hereto, all negotiations and understandings prior to the Effective Date being merged into this Agreement. This Agreement may only be altered by an instrument executed by all parties to this Agreement. All parties to this Agreement shall have fifteen (15) days after written notice to cure any alleged breach of the terms of this Agreement.

16. No Joint Venture or Partnership.

This Agreement shall not be construed as creating a joint venture or partnership between the parties. Neither party shall be deemed as an agent, partner, employee or representative of the other, and neither party shall have the authority to bind the other party. The provisions of this paragraph are not intended to destroy or diminish, in any way, the right, licenses and privileges granted to the Distributor under this Agreement.

17. Assignment.

This Agreement shall not be assigned by either party without the prior written permission of the other; provided, however, the Distributor may assign its rights and obligations hereunder without the prior written permission of the Licensor to any entity acquiring all, or substantially all, of the assets or shares of Distributor. Notwithstanding the above, this Agreement shall be binding upon any permitted successors and assigns of either party.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Agreement as of the Effective Date.

DISTRIBUTOR:

MUSIC VIDEO DISTRIBUTORS, INC.

BY:  \_\_\_\_\_ (SEAL)

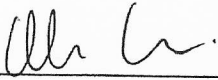
Name: Ed Seaman

Title: C.O.O.

LICENSOR:

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ARROW FILM DISTRIBUTORS, LTD

BY:  (SEAL) 10/08/2020.

Name: Alex Agran

Title:

EIN Number (Tax ID# if Incorporated) \_\_\_\_\_

or

Social Security Number \_\_\_\_\_ (W9 required)

