

MERCHANDISING LICENSE AGREEMENT SCHEDULE

AGREEMENT NO. MLA202102902

DATE: May 31, 2021

LICENSOR: MGA ENTERTAINMENT, INC. (“Licensor”)
9220 Winnetka Avenue
Chatsworth, CA 91311-8172

Telephone: +31 (0) 172-758010
Direct: +31 (0) 6-515-65769
Fax: 818-894-0771
Contact: Egita Di Filippo
Email: edifilippo@mgae.com

LICENSEE: FLEXMETAL SL (“Licensee”)
Pol. Ind. Santa Margarita II
C/Albert Einstein 36
08223 Terrassa, Barcelona
Spain

Telephone: +34 93 7862157
Fax: None
Contact: Rosa Soteras
Email: rsoteras@flexmetal.com

Licensor and Licensee, together referred to herein as the “Parties” hereby agree as follows:

- GRANT OF RIGHTS:** Licensor hereby grants to Licensee and Licensee hereby accepts the non-transferable, non-exclusive, non-assignable right and obligation to utilize the Licensed Property solely on or in connection with the manufacture and sale of Licensed Articles, through the Channels of Distribution and in the Licensed Territory during the Term.
- “LICENSED PROPERTY”:** “L.O.L. SURPRISE!™”, along with any characters, artwork and other distinctive creative elements and names associated therewith.
- “LICENSED ARTICLES”:** Licensed Articles shall include the following:

Licensed Articles: L.O.L. SURPRISE! <i>No 3D allowed. No open market products allowed.</i>	Minimum number of designs
Mylar Balloons (all shapes, approximately 13” and 29”)	1
Mylar Balloons (18” heart shaped)	1
Mylar Balloons (18” round shaped)	1
Inflated Mylar Balloons (any shape, 13”)	1

4. **“LICENSED TERRITORY”**: Armenia, Azerbaijan, Belarus, Kazakhstan, Krgyzstan, Moldova, Russia, Tajikistan, Turkmenistan (“Licensed Territory”). If Licensee markets, promotes, sells or offers for sale, directly or indirectly, any of the Licensed Articles outside of the Licensed Territory and if such activities are non-permitted activities outside of the Licensed Territory, Licensor may, in its sole and absolute discretion, immediately terminate this Agreement. In the event the Licensed Territory in this Agreement consists of a country or countries which are members of the European Union, pursuant to any European laws and regulations, nothing in this Agreement shall prevent Licensee from supplying unsolicited orders from customers having their registered offices and/or place of business outside the Licensed Territory but within the European Union, provided that Licensee shall not pursue any active sales of Products outside the Licensed Territory.
5. **“DISTRIBUTION CHANNELS”**: Licensee is authorized to sell the Licensed Articles to retailers in the Licensed Territory for resale to the public in the Licensed Territory (“Distribution Channels”). Licensee is prohibited from selling the Licensed Articles to unauthorized retailers, wholesalers or distributors. The Distribution Channels in which Licensee is authorized to sell the Licensed Articles are as follows: *wholesalers (MF Poisk Ltd) and *distributors (Pozdyakova-Ip Kotov, SC Comiara Group, JSC Europa Uno Trade Russia in the Licensed Territory and in Ukraine only: JSC Europa Uno Trade Ukraine (Filial JSC Europa Uno Trade Russia). Unless otherwise approved by Licensor in writing, Licensed Articles may be sold to non-core toy retail buyers only (core toy retail buyers are any buyers that purchase products directly from Licensor). Passive sales via Internet websites that are a derivative of a “brick and mortar” retail store are permitted. Licensee shall not register any domain name incorporating in whole or in part the name of the Property, the names of any characters or phrases associated with the Property.
6. **“TERM” AND “SELL-OFF PERIOD”**: The Term begins July 1, 2021 and ends June 30, 2023 (“Term”), unless sooner terminated as provided in the Standard Terms and Conditions referenced herein. Following the expiration of the Term, Licensee shall have a period of ninety (90) days to sell-off any unsold inventory of Licensed Articles.

7. **PAYMENTS:**

“Advance”: Licensee shall pay Licensor a non-refundable Advance, in the amount of Twenty-Five Thousand U.S. Dollars (USD\$25,000.00) payable upon signature of this Agreement by Licensee. The Advance shall be applied against the Royalty to be paid to Licensor during the Term. This Agreement shall immediately terminate without notice if the Advance has not been paid within ten (10) days following Licensee’s receipt of this Agreement as signed by Licensor.

“Royalty”: The Royalty is 17% of 100% of Licensee’s Net Sales. Allowances, markdowns and returns shall not exceed five percent (5%) of Licensee’s actual invoiced billings for the Licensed Articles shipped to Licensee’s retail customers; customary trade discounts actually granted by Licensee shall not exceed ten percent (10%) of the actual invoiced billings for Licensed Articles shipped to Licensee’s retail customers; and the combined total of allowances, markdowns, returns and customary trade discounts shall not exceed fifteen percent (15%) of the actual invoiced billings for Licensed Articles shipped to Licensee’s retail customers. “Net Sales” shall mean Licensee’s actual invoiced billings (i.e., sales quantity multiplied by Licensee’s selling price) for Licensed Articles sold, less only the sum of permitted allowances, markdowns, returns and customary trade discounts. No other deductions shall be taken from Net Sales including, without limitation, deductions for cash or other discounts, uncollectible accounts, VAT, or sales

tax. No costs incurred in the manufacture, sale, distribution, or promotion of Licensed Articles shall be deducted from any Royalties payable to Licensor.

Licensee shall be responsible for all other charges now or hereafter imposed or based upon the manufacture, delivery, license, sale, possession or use hereunder to or by Licensee. Royalties shall be computed and paid to Licensor in U.S. Dollars at the exchange rate applicable on the date payment is due to Licensor. Licensee shall be solely responsible for all costs of any currency conversion to U.S. Dollars, and such costs shall not reduce the amounts due Licensor hereunder. Royalties shall be reported using a form provided by Licensor.

“Guarantee”: Licensee shall pay Licensor a minimum amount of Royalties, including the Advance, of Fifty Thousand U.S. Dollars (USD\$50,000.00). No later than ninety (90) days prior to the end of the Term, Licensee shall pay to Licensor an amount equal to that portion of the Guarantee not previously paid to Licensor in Royalty payments. Should Licensee fail to make any scheduled payments within forty-five (45) days of the applicable due date, Licensor, in its sole discretion, may demand full payment of the balance of the Guarantee against Royalties due Licensor during the Term. If Licensee fails to pay the full balance of the Guarantee upon Licensor’s demand, Licensor may terminate this agreement upon written notice to Licensee.

Licensee shall pay Licensor the Advance and the remainder of the Guarantee, according to the payment schedule set forth below to the extent not earned out prior by the Advance and Royalty:

Payment Schedule:	USD		
Advance	\$25,000.00	Due on or before	Signing by Licensee
Payment	\$25,000.00	Due on or before	January 1, 2022

(b) **“Royalty Payment Address”:** Unless otherwise set forth herein, all payments and statements due hereunder shall be sent to:

MGA ENTERTAINMENT, INC.
 9220 Winnetka Avenue
 Chatsworth, CA 91311
 Attn: Finance Dept. - Royalty Accounting

Wire Instructions for MGA Entertainment, Inc.

Account number: 1459062946
 ACH Routing Number: 121000358
 Domestic wire routing number: 026009593
 International wire SWIFT code in USD: BOFAUS3N
 International wire SWIFT code in FX: BOFAUS65

This Section 7(d) shall not affect the Notice provision set forth in Section 15 in the Standard Terms and Conditions referenced herein.

8. **“MARKETING DATE”:** Licensee shall manufacture, distribute and commence the marketing of a substantial number of each of the Licensed Articles in each country of the

Licensed Territory no later than September 1, 2021 (the "Marketing Date"). Licensee shall notify Licensor of the initial shipment date of each Licensed Article to Licensee's customers.

9. **"COMMON MARKETING FUND"**: In addition to the Guarantee, each quarter during the Term, Licensee shall contribute one percent (1%) of Licensee's overall Net Sales for the Licensed Articles to a Common Marketing Fund ("Fund"). The Fund shall be managed by Licensor in its sole discretion, shall not be recoupable against the Guarantee, and rendered to Licensor concurrently with the Royalty Reports as defined in Section 2(d) of the Standard Terms and Conditions.
10. **"MINIMUM ADVERTISING GUARANTEE"**: In addition to the Guarantee, each quarter Licensee shall expend an amount equal to at least two percent (2%) of Licensee's quarterly Net Sales for the Licensed Articles during the Term, to market, advertise and promote the Licensed Articles with Licensee's sales of its own products and other licensed products of the same price, category and type through various marketing activities ("Marketing Activities"). Licensee shall provide Licensor with quarterly reports in a format reasonably acceptable to Licensor showing the total amounts spent on advertising and promotion of the Licensed Articles and/or Licensed Property.

In addition, Licensee shall provide to Licensor a minimum of one (1) professional high-resolution lifestyle photograph of each Licensed Article, which may be used by Licensor, in Licensor's sole discretion, in promotional, marketing and advertising materials of the Licensed Articles and/or the Licensed Property.

11. **PLACE OF MANUFACTURE:** Spain
NAME, ADDRESS, PHONE, FAX NO. AND CONTACT PERSON AND EMAIL ADDRESS OF APPROVED THIRD-PARTY MANUFACTURER:

FLEXMETAL SL located at Pol. Ind. Santa Margarita II, C/Albert Einstein 36, 08223 Terrassa, Barcelona, Spain.

Telephone: +34 93 7862157, Fax No.: Not Available, Contact: Rosa Soteras, Email: info@flexmetal.com and rsoteras@flexmetal.com.

If Licensee will not be the manufacturer of the Licensed Articles, Licensee will require third-party manufacturers to complete and sign the Manufacturer's Agreement, attached as Exhibit 1. All licensees need to memorialize their manufacturers on contract.

12. **APPROVALS:** At all stages of development, manufacturing, distribution, and sale, the Licensed Articles and any related packaging and advertising must be approved by Licensor in writing through MGA's online product approval system or as otherwise directed by MGA before promotion, distribution or sale of any Licensed Articles by Licensee. **Such approvals or disapprovals are due within ten (10) business days from the date of receiving materials from Licensee and are at Licensor's sole and absolute discretion, and any submission not approved in writing is deemed disapproved.**
13. **SAMPLES OF LICENSED ARTICLES:** Prior to shipment of Licensed Articles to Licensee's retail customers, or simultaneously with first shipment of Licensed Articles, Licensee must deliver to Licensor the following number of samples of each Licensed Article: Four (4).

14. **TRADEMARK/COPYRIGHT NOTICE:** Licensee must use the following trademark and copyright notice on all Licensed Articles, packaging, advertising, or any related materials (i.e., instruction manuals, labels, etc.):

L.O.L. SURPRISE![™] & © MGA Entertainment, Inc., or as specified in Licensor's Style Guide for the Licensed Property.
15. **LAB TEST REPORTS:** Licensee shall not commence the sale or distribution of the Licensed Articles without obtaining and providing to Licensor independent third-party laboratory test reports showing that the Licensed Articles are in compliance with all health and safety standards as required by the US Consumer Product Safety Commission or any other authorized consumer product and hazardous materials regulatory agency within the Licensed Territory.
16. **SALES FORECAST REPORTS:** In addition to the Royalty Report, Licensee shall simultaneously provide Licensor with a Sales Forecast Report, forecasting and projecting anticipated royalties, as well as advertising and promotional expenditures, for the next four calendar quarters, or remainder of the Term.
17. **INTELLECTUAL PROPERTY PROTECTION:** Licensee's use of the Licensed Property shall inure exclusively to the benefit of Licensor, and Licensee's use of the Licensed Property shall not confer or imply a grant of rights, title or interest in the Licensed Property, and all ownership of copyrights, trademarks and other rights in the Licensed Property and in all artwork, packaging, copy, literary text, advertising and promotional materials of any sort utilizing the Licensed Property, including all such materials developed by Licensee, and the goodwill pertaining thereto ("Collateral Materials"), shall be and at all times remain in the name of Licensor. Collateral Materials shall not include any trademarks or copyrighted material that was owned and utilized by Licensee prior to its use of the Licensed Property. All Collateral Materials shall constitute "works made for hire" within the meaning of U.S. copyright law, whereby Licensor shall be deemed the author of all such Collateral Materials and all ownership rights will vest initially in Licensor upon creation of the Collateral Materials without any further action by any party hereto.
18. **STANDARD TERMS AND CONDITIONS:** The balance of the terms shall be as set forth in Licensor's Standard Terms and Conditions, which can be found at <https://www.mgae.com/licensees/mla/tc> and incorporated herein by this reference. All terms used in this Agreement shall, except as expressly provided for herein, be used as defined in the Standard Terms and Conditions. In the event of a conflict between this Schedule and the Standard Terms and Conditions, the provisions of this Schedule shall govern.
19. **SPECIAL PROVISIONS:**
 - (a) The language used on the Licensed Article(s) shall be Russian, English, Azerbaijani, Armenian, Bashkir, Belarusian, Buryat, Kazakh, Kyrgyz, Komi, Moldovan, Tatar, Tajik, Turkmen, Uzbek, and Ukrainian.
 - (b) *Wholesalers and *Distributors: With respect to the Distribution Channel of wholesalers and distributors, Licensee must state on all invoices and/or purchase order forms that Licensed Articles being distributed under this agreement cannot be sold to retailers or purchasers for resale or shipment outside of the Licensed

Territory. Should Licensee discover any wholesaler and or distributor selling outside the Licensed Territory, Licensee must immediately cease all sales to that wholesaler and distributor and notify Licensor and Licensor's authorized representative.

- (c) Insurance coverage minimum amounts as stated in Section 6 of the Standard Terms and Conditions shall be amended to read One Million U.S. Dollars (USD \$1,000,000.00) per instance and One Million U.S. Dollars (USD \$1,000,000.00) in the aggregate. Notwithstanding the above, Licensee agrees they shall maintain liability insurance as is required by local law of the Licensed Territory, and in the event Licensee is unable to obtain such insurance coverage, or such coverage is not available in the Licensed Territory, Licensee shall further indemnify Licensor against any claims of whatsoever nature, that would otherwise be covered by products liability, personal injury, advertising, and contractual liability insurance.
- (d) For the purposes of this agreement, SAKS LICENSE located at 6th Floor, Obrucheva Str. 23, Building 3, Moscow, 11763 Russia, License #1165074059622, Tax ID 5036163294, shall be named as Licensor's authorized representative and Licensor hereby authorizes said representative to invoice and collect all monies due and receive royalty reports on licensor's behalf. Licensor reserves the right to change its authorized representative at any time upon written notice to Licensee.

By signing below, Licensee affirms that it is in agreement with the foregoing and that it has read and understands and agrees to be bound by the Standard Terms and Conditions referenced herein and forming a part hereof. Licensee further agrees that this Agreement, consisting of the Schedule and Standard Terms and Conditions, shall also serve as an invoice to Licensee with respect to the amounts payable hereunder and Licensee agrees to pay such amounts to Licensor as and when specified herein. This Agreement shall not be binding upon Licensor until fully signed and delivered and the Licensor receives the Advance.

ACCEPTED AND AGREED TO:

FLEXMETAL SL
("Licensee")

MGA ENTERTAINMENT, INC.
("Licensor")

By: _____

By: _____

Print Name: _____

Print Name: Elizabeth Risha

Title: _____

Title: General Counsel

Date: _____

Date: _____