

MASTER LICENSE AGREEMENT

This AGREEMENT is made and entered into this first day of April, 2021,
BY AND BETWEEN

hereinafter referred to as “Licensor”
AND

hereinafter referred to as “Licensee”

NOW AND THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

Article 1 (Representations and Warranties)

Licensor represents and warrants that Licensor is the sole and exclusive owner of the sound recordings of the compositions specified in the schedule attached hereto (hereinafter referred to as “Master Recordings”) embodying performances of a musician, Kenzo Chosaku (hereinafter referred to as “Artist”).

Article 2 (Grant of License)

Licensor hereby grants to Licensee the exclusive license to reproduce, distribute, perform, adapt, and otherwise use the Master Recordings for the purpose of manufacturing, distributing, advertising and selling records in the United States and Canada only (hereinafter referred to as “Territory”). As used in this Agreement, “record” shall mean any means of sound reproduction and any resulting media, whether now known or hereafter developed, including but not limited to discs, tapes, tape cartridges, cassettes and compact discs.

Article 3 (Royalty)

In consideration of the rights granted by Licensor to Licensee herein, Licensee shall pay Licensor the following royalties during the term of this Agreement:

(a) With respect to distribution of records made hereunder, Licensee shall pay Licensor a royalty of eighteen percent (18%) of the price published to dealers (hereinafter referred to as “PPD”) of any records in which the Master Recordings are embodied less sales taxes, duties and the packaging deductions specified as below. This royalty will be paid for all records manufactured, sold and not returned.

The “Packaging Deductions” shall be as follows:

- | | |
|-------------------|---------------------------|
| a) LP | 15% of PPD less sales tax |
| b) Compact Disc | 25% of PPD less sales tax |
| c) Music Cassette | 25% of PPD less sales tax |
| d) Mini Disc | 30% of PPD less sales tax |
| e) Others | 30% of PPD less sales tax |

(b) With respect to records not consisting entirely of the Master Recordings, the royalty rate shall be pro-rated based upon the number of sound recordings included in the records.

(c) With respect to such low-priced records as club sales, mail order and so forth, the royalty rate shall be one-half (1/2).

- (d) No royalty shall be payable to Licensor in respect of records distributed as “sample” or “free” records.
- (e) Royalty payable to Licensor hereunder includes all payments due to any third party including but not limited to Artist and producers.

Article 4 (Advance Payment)

Licensee shall pay Licensor US\$ (including the withholding tax) as a non-returnable advance payment against and recoupable from royalties payable to Licensee hereunder.

Article 5 (Payment)

- (a) Royalty payment by Licensee to Licensor hereunder shall be made in Japanese Yen converted at the exchange rate current at the date of each payment semi-annually within sixty (60) days following June 30 and December 31 of each year, and each payment shall be accompanied by statements which show the following details:
- (1) The title(s) and number for each and every record manufactured and sold during the period under review.
 - (2) PPD of each such record.
 - (3) The royalty-based sales units of each such record.
 - (4) The total amount due to Licensor for the period under review.
- (b) Licensee may establish and withhold from royalties payable to Licensor hereunder a reasonable amount sufficient to cover anticipated return subject to a maximum reserve of ten percent (10%) of the royalties due and provided that such reserve shall be liquidated within one year after Licensee withholds the reserve from payable royalties.

Article 6 (Name and Likeness)

Licensor shall grant to Licensee the non-exclusive right to use and publish and to permit others to use and publish Artist’s name (including any professional name), likeness, signatures and biographical materials in connection with exploitation of the Master Recordings hereunder during the term of this Agreement in the Territory.

Article 7 (Promotional Materials)

Licensor shall supply Licensee, free of charge (except duplication costs, courier, freight costs and customs duties) with advertising and promotional materials relating to Artist and/or the Master Recordings as reasonably requested by Licensee, including but not limited to packaging artwork and promotional videos, promptly following the creation thereof, and Licensee shall have the sublicensable and royalty-free right to use such materials at any time during the term of this Agreement.

Article 8 (Alteration)

Licensee shall not, unless Licensor’s prior written consent is given, re-edit, re-mix, sweeten, re-couple, or otherwise alter the Master Recordings provided that such consent shall not be unreasonably withheld.

Article 9 (Delivery)

Upon request by Licensee, Licensor shall deliver to Licensee a copy of the Master Recordings in a format designated by Licensee at the Licensor’s sole expense.

Article 10 (Audit)

Licensee shall, for a period of two years following the term of this Agreement, maintain books of accounts

that disclose sales made pursuant to this Agreement and shall permit Licensor or its duly authorized representative, during Licensee's regular business hours, and not more than two times per calendar year, to inspect Licensee's books relating to such accounts at the sole Licensor's expense in order that Licensor may verify the accuracy of the royalties payable hereunder. In the event that any such audit reveals that Licensee has underpaid Licensor by an amount greater than ten percent (10%) of the amounts due, Licensee shall bear the costs of the audit.

Article 11 (Copyright Fees)

With respect to the records manufactured and sold from the Master Recordings embodying copyrighted musical works, Licensee shall pay or cause to be paid directly to the owners of such copyrights or their duly authorized agents, all sums which may be or become due.

Article 12 (Release Obligation)

Licensee shall release records manufactured from the Master Recordings within six (6) months from the executed date of this Agreement. If Licensee should fail to fulfill this obligation, all rights granted herein shall automatically cease and terminate.

Article 13 (Term of this Agreement)

The term of this Agreement shall be three (3) years from the effective date of this Agreement, and this Agreement shall be automatically extended for a period of one (1) year unless either party shall serve a written notice of termination to the other party no later than three (3) months before the completion of the aforementioned three-year period. The same condition shall apply to the extension of the term thereafter.

Article 14 (Sell Off)

Upon the expiration of this Agreement, Licensee shall discontinue the further manufacturing of records from the Master Recordings. Notwithstanding the foregoing, Licensee may sell in the normal course of business all stock of records manufactured hereunder for a period of six (6) months after the expiration date provided that Licensee pays royalties to Licensor for such records in accordance with Article 5 hereof.

Article 15 (Default)

If Licensee should fail or refuse to deliver any of the statements, remittances or payments hereunder, or fail or refuse to perform any such other obligations on its part to be performed hereunder and such failure is not cured within thirty (30) days after notice in writing from the Licensor of such default, or if Licensee should go into bankruptcy, then Licensor may terminate this Agreement without prejudice to any right or claims it may have, and all rights hereunder shall forthwith revert to Licensor.

Article 16 (Good Faith Consultation)

Any matters not addressed herein, or any doubt or uncertainty hereunder, shall be resolved through good faith consultation between the parties hereto.

Article 17 (Force Majeure)

Neither party shall be liable to the other party for any delay or failure in performing its obligations hereunder due to causes beyond its reasonable control, including but not limited to act of God, acts or orders of governmental authorities, fire, flood, typhoon, tidal wave, earthquake, war (declared or not), rebellion, riots, strike and lockout.

Article 18 (Termination)

If either party defaults in the performance of this Agreement, the non-defaulting party may terminate this Agreement by written notice. Termination of the Agreement shall not affect the rights nor the remedies

available to the non-defaulting party.

Article 19 (Entire Agreement)

This Agreement sets forth the entire understanding and agreement between the parties as to the matters covered herein, and supersedes and replaces any prior undertaking, statement of intent or memorandum of understanding, in each case, written or oral.

Article 20 (Governing Law and Jurisdiction)

The parties hereby consent to and confer exclusive jurisdiction upon Tokyo District Court over any disputes arising out of or relating to this Agreement. This Agreement is governed by and construed in accordance with the laws of Japan.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Licensor

Licensee