

S-20-521

LM/ June 29, 2020

LICENSE AGREEMENT

between

Beta Cinema GmbH
Grünwalder Weg 28 d
82041 Oberhaching
Germany

- hereinafter called "Licensor"

and

Kino centras "Garsas" / Cinema center "Garsas"
Respublikos g. 40, LT-35173,
Panevezys, Lithuania

Įstaigos kodas / Code: 148504349

- hereinafter called "Licensee"

WHEREBY THE PARTIES AGREE AS FOLLOWS:

I.

OBJECT OF AGREEMENT / GRANT OF RIGHTS

1. This Agreement consists of the Specific Terms (paragraph II) and the General Conditions (paragraph III) hereinafter set forth.
2. Subject to timely payment of the Advance set out in the Specific Terms, Licensor grants to Licensee and Licensee accepts the exclusive (unless otherwise provided for in the Specific Terms) right to distribute the "Rights Granted" to the "Picture" throughout the License Territory during the License Period, and in accordance with the terms and conditions of the present Agreement and further stipulations indicated in the below Specific Terms.
3. "Picture" as used herein means the total of theatrical motion pictures prescribed in the below Specific Terms whether one or a number of motion pictures is concerned.
4. "Rights Granted" to Licensee pursuant to this Agreement mean and are limited to the Rights Granted in accordance with the Specific Terms and the Advertising Rights.
5. Exploitation and/or promotion of the Picture via the Internet in respect of the Rights Granted shall be granted subject to the following:

Licensee agrees not to exercise, or to authorize or permit the exercise of, or to sell, license, or otherwise dispose of the Internet Rights in the License Territory without sufficient contractual safeguards consistent with the following: (1) the Picture would be capable of reception only by persons located within the License Territory; (2) the reception, broadcast or transmission of the Picture is technologically secure so as to prevent unauthorized viewing or the onward broadcast, transmission or retransmission of the Picture by a recipient to recipient located outside the License Territory (whether by legal means or otherwise), or unauthorized downloading; (3) laws in the License Territory provide adequate protection against unauthorized exploitation/use; (4) the technology being utilized for such exploitation is being customarily utilized by at least 2 (two) major studios, or one leading Internet content/access provider (i.e., iTunes, Netflix, Amazon, Google, Yahoo, etc.); and (5) such exploitation is limited to the Authorized Language version(s) only, and the menu/homepage of the platform and/or service must be in the official languages of the License Territory. Accordingly Licensee shall do its utmost to restrict access to the Picture to users within the License Territory.

The use of copy and content protection technologies and geo-filtering may not prevent the possibility that when the Picture is transmitted through the Internet, such transmission may be capable of unauthorized reception/

download/duplication/storage by hackers and other individuals that circumvent geo-filtering and copy protection ("Unintentional Internet Overspill"). The occurrence of Unintentional Internet Overspill shall not constitute a breach of this Agreement or require Licensee to cease exploiting its Internet Rights to the Picture. Notwithstanding the foregoing, there shall be no limitation on a party's right to engage in or authorize third parties to engage in customary and reasonable advertising, marketing, and promotion of the Picture within each party's respective territory by means of the Internet without any geo-filtering. Furthermore, it being acknowledged that Licensee's and Licensor's and/or their respective sub-licensee's website(s) may be accessible by customers outside of their respective territory.

6. All rights not expressly granted to Licensee in accordance with paragraph I. and the Specific Terms are retained by Licensor.

II.

SPECIFIC TERMS

Picture:

Title: ROCCA CHANGES THE WORLD
 Director: Katja Benrath
 Length: 101 min
 Year of Production: 2019
 Country of Production: Germany
 Original Language Version: German
 Age restriction in Germany: from 0 years

License Territory:

Lithuania.

License Period:

5 (five) years as from material delivery notice.

Rights Granted:

Theatrical and Non-Theatrical Rights: in all technical formats for commercial and non-commercial theatres including but not limited to:

- Public Video
- Commercial Video

Number of acts of making the Picture available to the public:

- unlimited.

Authorized Language Version(s):

- Original language version with permanent Lithuanian subtitles
- or Lithuanian dubbed version

to be created by Licensee at its expense pursuant to paragraph 5.3 of the General Conditions.

Licensor shall have free access to any Lithuanian (dubbed and/or subtitled) language version immediately upon production thereof.

Licensee may grant third parties access to any language officially spoken in the License Territory version created by Licensee subject to Licensor's prior written consent thereto and further provided that any access fee paid by such third party shall be used to reduce the amount of Licensee's Theatrical Distribution Costs.

The original language version without subtitles is expressly excluded.

Material:

- For exploitation of the Theatrical Rights granted herein Licensee will be provided with a lab access letter to order DCPs and trailers at Licensee's cost.
- For exploitation of all other rights granted herein Licensee will be provided with a HD file, original language version, at Licensee's cost.
- upon availability, free of charge:
 - dialogue lists and artwork
 - stills/slides
 - press material.

Advance:

EURO 3.000,-- (i. w.: three thousand Euro) net

with respect to all Rights Granted:

Payable:

100 % (Euro 3.000,--) net upon signature of the present Agreement;

Application of Gross Receipts and Licensor's Royalties:
Theatrical and Non-Theatrical Gross Receipts:

- Until recoupment of the Theatrical Distribution Costs:
100 % of Gross Receipts to recoup the Theatrical Distribution Costs

Unrecouped Theatrical Distribution Costs may be set-off against Licensee's Gross Receipts from all other Rights Granted.

- After recoupment of the Theatrical Distribution Costs: 50 % Royalty in favour of Licensor and 50 % in favour of Licensee

Licensee shall be entitled to recoup the Advance actually paid by Licensee to Licensor under this Agreement from Licensor's Royalties.

After full recoupment of the Theatrical Distribution Costs and the Advance Licensee shall then be obliged to remit to Licensor the full amount of Licensor's Royalties set out above.

Film Rental:

It is agreed by both parties that the movie theatre may retain no more than 60 % of its ticket sales and the amount remaining thereafter is the "Film Rental Fee" payable by the movie theatre to Licensee.

Deduction of Theatrical Distribution Costs:

Licensee shall be permitted to deduct Theatrical Distribution Costs (as defined below) off the top from the Gross Receipts, provided however, a Theatrical Release of the Picture actually happened.

"Theatrical Distribution Costs" (also named P&A Costs) shall mean the following costs which have actually been spent and advanced by Licensee, and which will have to be proven by Licensee, and substantiated to Licensor as to the amounts involved and the reason for which they were incurred:

- a) reasonable cost of producing the Lithuanian language version
- b) usual publicity costs, such as promotional material, advertisements including those for the release of the Picture
- c) advertising material including film poster.

Any further deductions are subject to Licensor's prior written approval.

For the avoidance of doubt it is understood and agreed between the parties that Licensee may in no event deduct any Home Video/VOD and/or Television and/or other distribution costs than specified hereinabove.

Minimum P&A Budget: to be determined between the parties in good faith

Maximum P&A Cap: to be determined between the parties in good faith

P & A Costs Budget Presentation:

Licensee shall present Licensor a detailed estimated P & A Budget of the Picture at least 6 (six) weeks prior to the Theatrical Release Date for approval by Licensor which

approval shall not be unreasonably withheld. The estimated P & A Budget shall contain detailed information on all Distribution Costs set out hereinabove. Actual costs exceeding the calculation shall be presented to Licensor for meaningful consultation with Licensor.

Cross Collateralization:

Licensee shall be entitled to cross-collateralize all Gross Receipts earned from the different Rights Granted throughout the License Territory for the purpose of recouping the Theatrical Distribution Costs. Furthermore, Licensee shall be entitled to cross-collateralize Licensor's Royalties applicable to the different Rights Granted for the purpose of recouping the Advance.

However, cross-collateralization of the Picture with other motion pictures being distributed by Licensee under license from Licensor shall explicitly not be allowed.

Reporting:

Accounting statements:

Period: Thirty (30) days following the end of each calendar quarter
 Start: As from first public commercial release of the Picture in any part of the License Territory
 Details: according to paragraph 4.1 and 4.2 of the General Conditions.

Theatrical Box Office Charts:

Period: Weekly for the first 2 (two) months of the Theatrical distribution, thereafter monthly
 Details: Competitive and total box office information of the Picture in each part of the License Territory;

Distribution Obligations:

Theatrical Release Obligation: **YES** **NO**

Theatrical Release Date: no later than
 to be mutually determined

Minimum Prints: **YES** **NO**
If yes, number of prints: to be mutually determined

Sublicensing:

Licensee may sublicense the following rights of the Picture in the License Territory, provided however, Licensor has given its prior written approval, which approval shall not be unreasonably withheld and provided further that any such Authorized Sub-

Licensee subjects itself to Licensee's respective obligations in accordance with the present Agreement:

- The sub-licensing of Theatrical Rights in the License Territory needs to be approved by Licensor;

For the avoidance of doubt it is clearly understood that Licensee or its Authorized Sub-licensee may neither deduct any sub-distribution fee nor any distribution expenses from the moneys earned from the respective exploitation in accordance with paragraph 3.6 of the General Conditions.

Licensee shall nevertheless remain fully responsible for due performance of all the terms of the present Agreement.

Any other sublicensing or any sub-distribution is expressly excluded.

Further Stipulations:

Capitalized terms used and not defined in these Specific Terms are defined in the General Conditions.

The General Conditions hereinafter set out form an integral part of the present Agreement. In the event any provision of the Specific Terms is contrary to the General Conditions the Specific Terms shall prevail.

III.**GENERAL CONDITIONS****1. DEFINITIONS**

In this Agreement, the following expressions shall have the following meanings:

- 1.1 "Theatrical Rights" (movie theatre/exhibition rights) mean the exclusive right to have the Picture publicly shown in commercial theatres where an admission fee is charged using any and all sizes and gauges of film (70, 35, 16, 8 mm), including digital projection and all other technical formats, and solely in the Authorized Language Version(s) as specified in the Specific Terms.
- 1.2 "Non-Theatrical Rights" mean the right to have the Picture publicly shown by non-commercial organizations not primarily engaged in the business of exhibiting motion pictures, such as (without limitation) in educational or cultural

organizations (e.g. schools, universities, churches etc.) using any and all sizes and gauges of film, including digital projection and all other technical formats.

- 1.3 "Commercial Video Rights" mean the direct linear exhibition of a "Videogram" embodying the Picture before an audience at the facilities of either organizations not primarily engaged in the business of exhibiting motion pictures, such as educational organizations, churches, restaurants, bars, clubs, trains, libraries and the like. Commercial Video Rights do not include Airplane, Ship or Hotel exploitation.
- 1.4 "Public Video Rights" mean the direct linear exhibition of a Videogram embodying the Picture before an audience in a "mini-theater", or like establishment that charges an admission to use the viewing facility or to view the Videogram, and that is not licensed as a traditional motion picture theater in the place where the viewing occurs. The Public Video Rights encompass commercial (e.g. restaurants, bars, clubs) and non-commercial screenings but do expressly exclude Airplane, Ship or Hotel exploitation.
- 1.5 "Videograms" mean all linear (without any enhancement or alteration to the Picture in any form or nature) formats of physical video devices now known or hereafter known or devised, including, without limitation, any and all forms of video-cassettes, cartridges, tape, video discs, laser discs, 8mm recordings, all forms of DVD, DVD-ROM, Video Compact Discs and all other audiovisual systems of all types.
- 1.6 "Home Video Rights"
 - 1.6.1 "Home Video Rights" mean the right to "exploit" the Picture on all linear (without any enhancement or alteration to the Picture in any form or nature) "Videograms" and, via electronic delivery and solely in the Authorized Language Version(s) for the non-public and non-commercial viewing of the Picture in private homes in all Home Video Markets (Sell-Through, Rental, Mail Order, Kiosk, Budget, Special Operations).
 - 1.6.2 "Exploit" means the right to (i) manufacture, duplicate, distribute, market, sell and/or rent Videograms of the Picture for all Home Video Markets (physical delivery) and/or (ii) authorize the manufacture of and/or distribution of a permanent and/or temporal limited copy of the Picture via Electronic Sell-Through (including Download-to-Own and/or Download-to-Burn) and/or Download-to-Rent by electronic, fiberoptic or other non-tangible transmission (electronic delivery).
 - 1.6.3 "Sell-Through Home Video Market" means the sale to the ultimate consumers of Videograms of the Picture strictly for the non-public and non-commercial viewing of the Picture in private homes.

- 1.6.4 "Rental Home Video Market" means the rental to ultimate consumers of Videograms of the Picture strictly for the non-public and non-commercial viewing of the Picture in private homes.
- 1.6.5 "Mail Order Sell Through" means Sell-Through Home Video exploitation in which the sale occurs by placing an order for and receiving delivery of the Videogram through use of the postal service or other shipping service and not at a retail establishment in the License Territory strictly for the non-public and non-commercial viewing of the Picture in private homes.
- 1.6.6 "Kiosk Sell Through" means a system of Videogram distribution managed by an intermediary, who buys Videograms of the Picture directly from the video distributor and resells them within stores specialized in the sale of newspapers strictly for the non-public and non-commercial viewing of the Picture in private homes.
- 1.6.7 "Budget Sell Through" means sales to ultimate consumers of Videograms of the Picture through secondary markets (whereby it is agreed and understood that any jumble sale is subject to Licensor's prior approval not to be unreasonably withheld) strictly for the non-public and non-commercial viewing of the Picture in private homes.
- 1.6.8 "Special Operations" mean special events such as the sale of the Picture as a bundle with other products (e.g. DVD player) as a combined product, promotional purposes or covermount (Videogram packaged as part of a magazine or newspaper), provided that (i) such distribution activities shall be conducted on a transactional basis, and (ii) Licensee agrees to allocate Gross Receipts for the Picture for such distribution activity in good faith and in accordance with Licensee's practice as applied generally to motion pictures distributed by Licensee under similar circumstances and media.
- 1.6.9 "Electronic Sell-Through" or "EST" means the right to make the Picture accessible solely on a non-advertised supported basis, and non-recurring monetary fee basis, by way of encrypted electronic, fiberoptic or other non-tangible transmission via wire, cable, over-the-air, microwave, satellite, internet etc. (collectively "Electronic Transmission") of audio and/or video signals for viewing by the consumers in their home on a personal computer or on a personal viewing device such as an "iPod" or other portable storage device, and by which the end user is authorized to receive the Picture by way of permanent download (or permanent remote access to) the Picture for an indefinite period of time (Download-to-Own), and to create and retain a burned permanent copy of the Picture after having first received a copy of such Picture by Electronic Transmission (Download-to-Burn), in a way that reception of the Picture is available at a viewing time selected by the viewer, against payment of a material monetary transactional fee for viewing the Picture in its original continuity, which charge is in addition to any charges payable for the communication or physical equipment (i.e. internet provider, cable and the like).

- 1.6.10 "Download-to-Rent" or "DTR" means Electronic Transmission of the Picture via all same terms as Electronic Sell-Through except that the end user is solely authorized to receive a single copy of the Picture as a temporal limited download during a certain industry standard viewing period where the end user is charged a separate material transactional fee for indefinite viewings during the viewing period with no permanent downloading. The Download-to-Rent is allowed in the form of a progressive download or time-shifted streaming.
- 1.7 "Video-On-Demand Rights" or "VOD"
- 1.7.1 "Video On Demand Rights" or "VOD Rights" mean the right to make the Picture accessible to viewers located in the License Territory by way of Electronic Transmission by which the end user is authorized to receive the Picture either on a streamed basis (by way of simultaneous viewing of the Picture) or time-shifted streaming as a temporal limited download or by way of permanent download of the Picture (Download-to-Own or Electronic-Sell-Through), for reception, viewing, recording, storage and/or access on all kinds of devices (including online video recorder devices), as well as for reproduction purposes on audiovisual formats of all types, also on a burned DVD or on any other audiovisual device, in a way that reception of the Picture is available at a viewing time selected by the viewer, either against payment by the end user of a charge, which charge is in addition to any charges payable for the communication or physical equipment (i.e. internet provider, cable and the like), or without payment by the end user of any charge for viewing such transmission (e.g. on an advertised supported basis). VOD includes any and all forms of Video On Demand viewings, such as, without limitation, EST, TVOD, SVOD, FVOD, Catch-Up, etc.)
- 1.7.2 "Transactional Video-on-Demand" or "TVOD" means that method of paid Electronic Transmission of the Picture where the consumer (as opposed to the exhibitor of the Picture) after paying a material transactional fee on a per view basis has the ability to select the time and day of the viewing of the Picture and the Picture is then transmitted to the consumer on a non-advertised supported basis for a very limited period of time (such as 48 hours), which permits the consumer to view the Picture once in its original continuity with no permanent downloading at the time selected by the viewer or at a later point in time, in the form of progressive download or streaming.
- 1.7.3 "Subscription Video-On-Demand" or "SVOD" means that method of paid Electronic Transmission of the Picture where the consumer pays a fixed periodic subscription fee, with no per-transaction or per-exhibition charge, to a service that permits the consumer to view the Picture on a non-advertised supported basis among other motion pictures and programs in its original continuity within a reasonable period of time following the consumer's selection and the consumer can then view the Picture with no permanent downloading at that time or at a later point in time. For the avoidance of doubt, the definition of SVOD shall expressly exclude Pay Per View Services and Near Video On Demand Services.

- 1.7.4 "Free Video-On-Demand" or "FVOD" means that method of Electronic Transmission of the Picture where the consumer is not charged a fee in connection with viewing the Picture other than charges payable for the communication or physical equipment (i.e. internet provider, cable and the like), and which permits the consumer to view the Picture within a reasonable period of time following the consumer's selection and the consumer can then view the Picture with no permanent downloading at that time or at a later point in time. FVOD does include Catch-Up and "Advertised Supported Video-on-Demand".
- 1.7.5 "Catch-Up" means an ancillary FVOD Right in connection with the linear television transmission of the Picture where the linear television channel may make the Picture accessible to consumers without charge for a temporal limited period according to industry standard, prior to and after each linear television transmission of the Picture, for viewing by the consumers within a reasonable period of time following the consumer's selection, and the consumer can then view the Picture with no permanent downloading at that time or at a later point in time.
- 1.7.6 "Advertised Supported Video-on-Demand" or "AVOD" means that method of Electronic Transmission of the Picture for viewing by the consumers via all same terms as FVOD, however, limited to transmission of the Picture along with advertising (i.e. commercials).
- 1.8 Linear Television Transmission Rights
- 1.8.1 Linear Pay-Per-View Television Transmission Rights ("PPV") mean the right to transmit encrypted signals carrying the Picture in the Authorized Language Version(s) by means of over-the-air VHF or UHF transmissions (terrestrial), any satellite or cable system capable of decryption only by subscribers of the Pay TV service by means of any supplemental technical devices distributed to the subscribers under Licensee's or its sub-licensee's control in the License Territory and for the viewing of which a separate "per exhibition" fee is charged for the right to view solely the exhibition of the Picture, the scheduled exhibition of which shall be at a specific time or within multiple start times pre-established by the Pay TV Service and which transmission is intended for viewing by the subscribers on home-type television receivers or personal viewing devices.
- 1.8.2 NVOD (Near Video On Demand) Rights mean a form of Pay-Per-View involving the delivery of the Picture as a single programme by any means of television or telecommunications systems where a supplemental charge (other than Basic Charges) on a per exhibition basis is made to a viewer for the privilege of viewing the particular Picture at a time scheduled by the exhibitor (i.e. the Pay TV platform), which programme is transmitted sufficiently frequently on a number of channels to offer viewers a number of alternative commencement times to view such Picture.
- 1.8.3 Linear Pay Television Transmission Rights ("Pay-TV Right") mean the right to transmit a schedule of programming carrying the Picture in the Authorized

Language Version(s) by encrypted signals by means of over-the-air VHF or UHF transmissions (terrestrial), any satellite or cable system capable of decryption only by subscribers of the Pay TV service by means of any supplemental technical devices distributed to the subscribers under Licensee's or its Authorized Sub-Licensee's control in the License Territory for viewing by such subscribers on home-type television receivers simultaneously with the reception of such programming and for the viewing of which a premium subscription charge or other programme fee is charged to the subscribers. Not included is the right to retransmit or authorize others to retransmit the signals carrying the Picture unencryptedly. It is explicitly excluded and any failure to comply shall be deemed a material breach of this Agreement to make available or permit to make available any devices capable of decryption of signals carrying the Picture outside the License Territory.

- 1.8.4 "Linear Free Television Transmission Rights" ("Free-TV Rights") mean the right to transmit the Picture in the Authorized Language Version(s) over Free-TV stations by means of over-the-air VHF or UHF transmissions (Terrestrial), any satellite or cable system intended for and capable of reception by the public on a television receiver only in the License Territory.

"Free-TV" shall mean the transmission of a schedule of programming for simultaneous viewing with the reception of such schedule of programming over any television channel being received by the ultimate consumer on home-type television sets or personal viewing devices without payment of any charge for viewing such transmission other than (a) fees charged by a government or governmental agency to persons who own television sets or other viewing devices or (b) any physical equipment fees (such as cable system "hook-up" fees, antenna fees, decoder fees) or (c) a periodic access, carriage or equipment fee paid by the ultimate consumer, and which fee shall not be any premium subscription fee or any other programme or channel fee or other charge of any kind payable with respect to any kind of pay television.

- 1.8.5 "Linear" means a basis whereby the programmer of the applicable programming service determines the schedule for exhibition of programming and provides such programming in a continuous linear stream of content, and whereby all viewers accessing such programming service at a given point in time in a given timezone (e.g., eastern time zone) would be able to view the same exhibition of the same program at such point in time.
- 1.9 "Handheld Device" means a personal mobile electronic device a substantial purpose of which is facilitating telephonic or text communication, digital photography or data storage and which customarily fits in a human hand, and which incorporates functionality that allows private viewing of a copy of the Picture.
- 1.10 "Internet" means a wireless technology, including, but not limited to uses of the so-called, "world wide web", IP, broadband delivery, DVBH and similar.

- 1.11 "Advertising Rights" mean the non-exclusive right to advertise, publicize, and promote the Picture in the manner customary in the trade in all media (e.g. on television, in cinemas, on video-devices, via global communication networks such as the Internet, or by using printed matter, posters, etc.). This also includes the right to use excerpts from the Picture (also on television) for the purpose of announcing the initial commercial release of the Picture in the License Territory or otherwise advertise the Picture in the License Territory, excerpts being limited to a maximum of 3 minutes in length and, to print, publish and distribute to the public but not for sale short synopses or resumes of the story of the Picture and, subject to the credit and paid advertising obligations provided by Licensor, the right to use and authorise others to use, the name and other delivered elements of the Picture (such as physical likeness, voice and biography of any person or inanimate character appearing in, or connected in any way with, the Picture for the purposes of packaging, marketing, advertising and promoting the Picture.

2. MATERIAL

- 2.1 As soon as possible following the complete execution of this Agreement and the payment of the Advance as stipulated in sec. 3 below, if not otherwise indicated in the Specific Terms, Licensor shall deliver to Licensee at Licensee's expense the materials of the Picture as described in the Specific Terms.

All costs of delivery and return of the material such as (but not limited to) transportation costs, handling charges, import duties, insurance fees and customs clearance shall be paid by Licensee.

Licensee will be responsible for all defects, losses and damages which might occur to all files/prints/tapes/masters and other materials on route to and from Licensee and while same are in Licensee's possession, and Licensee will take out customary insurance which covers the said responsibility of Licensee.

- 2.2 Following receipt by Licensee of the material Licensee shall examine same to determine if it is physically suitable for exploitation according to this Agreement. If within 30 days of receipt thereof Licensee has not given written notice to Licensor of any defects, or if Licensee starts exploiting the Picture the material shall be deemed accepted. If Licensee does give such notice, Licensor shall at its sole discretion either i) remedy such default or ii) delete the Picture from this Agreement and reimburse Licensee any payments made with respect to the deleted program. All other rights and remedies Licensee may have under this Agreement, law or equity are hereby excluded.
- 2.3 The delivered material shall at all times remain the property of Licensor and Licensor shall also be entitled to the property rights in any files/prints/tapes/masters and other material of the Picture produced by Licensee. Licensee shall not give third parties access to any material unless necessary for the exploitation according to this Agreement.

- 2.4 Upon expiration of the Rights Granted Licensee shall at its own cost and at Licensor's choice either (i) deliver to Licensor or to another address given by Licensor all prints/tapes/masters and other material supplied by Licensor and/or produced by Licensee, or (ii) destroy the same and send to Licensor a certificate of such destruction, unless otherwise provided for in this Agreement.

3. COMPENSATION

- 3.1 In consideration of all the rights conferred by the present Agreement, Licensee shall pay to Licensor as a non-refundable advance payment, but recoupable out of Licensor's Royalties the minimum guarantee ("Advance") set out in the Specific Terms.
- 3.2 With respect to the exploitation of the Theatrical Rights Licensee shall pay to Licensor a percentage participation ("Licensor's Royalties") in the Theatrical Gross or Net Receipts in accordance with the Specific Terms.
- 3.2.1 "Theatrical Net Receipts" shall mean the Theatrical Gross Receipts after deducting of such Theatrical Distribution Costs as set forth in the Specific Terms, provided however, same costs will not be borne by Licensee's client or the theatre.
- 3.2.2 "Theatrical Distribution Costs" shall mean the direct out-of-pocket third party costs defined in the Specific Terms which are directly and solely attributable to the distribution of the Picture and required for a proper launching of the Picture in accordance with good business practices and which are to be borne and advanced by Licensee, and which will have to be substantiated to Licensor as to the amounts involved and the reasons for which they were incurred. The deduction of overhead cost as Theatrical Distribution Costs is expressly excluded.
- 3.3 With respect to the exploitation of all other rights (except for the Theatrical Rights) Licensee shall pay to Licensor a percentage participation ("Licensor's Royalties") in the Gross Receipts earned from the respective exploitation in accordance with the Specific Terms.
- 3.4 "Gross Receipts" shall mean the total of any and all proceeds of any nature whatsoever (such as film rental, license fees, advance payments, royalties etc. but excluding any MEDIA subsidy within the Creative Europe Programme) - V.A.T. excluded - received by, credited to, accounted for or payable to Licensee for the respective exploitation of the Picture without any deductions whatsoever.
- 3.5 Licensee shall be entitled to offset the Theatrical Distribution Costs and the Advance as set out in the Specific Terms.

After full recoupment of the Theatrical Distribution Costs and the Advance Licensee shall then be obliged to remit to Licensor the full amount of Licensor's Royalties pursuant to the Specific Terms.

In the event the Licensee does not recoup the Advance or any portion thereof it is understood and agreed by the parties hereto that Licensor shall be under no obligation to re-pay to Licensee the Advance or any portions thereof. Thus, for the avoidance of all doubt, Licensor is at all times and under all circumstances entitled to receive and retain the full amount of the Advance as provided under this Agreement.

- 3.6 If – different from sec. 9.1 sublicensing by Licensee of any exploitation rights is allowed according to the Specific Terms, the following shall be applicable unless otherwise agreed between the parties in the Specific Terms:
- 3.6.1 Should sublicensing of Home Video Rights be allowed Licensor's Home Video Royalties shall be calculated "at source", i.e. based upon the wholesale price - V.A.T. excluded - received by (i) the home video label (that sells the Picture to retailers, traders, etc.) for the sale of Videograms of the Picture in the Sell-Through Home Video Market and/or (ii) the video rental companies (e.g. from video rental shops, renting agencies, etc.) for the sale of Videograms of the Picture in the Rental Home Video Market, without any deductions whatsoever.
- 3.6.2 Should sublicensing of Television Transmission Rights be allowed Licensor's Television Royalties shall be calculated "at source", i.e. from the compensation (license fee, advance, revenue share etc.) paid by the respective broadcaster without any deductions whatsoever.
- 3.6.3 Should sublicensing of any other exploitation rights be allowed, Licensee's Gross Receipts shall be calculated "at source", i.e. from the proceeds of the ultimate distributor without deduction of any interim commission fees or other deductions not expressly allowed under this Agreement.

4. ACCOUNTING

- 4.1 Unless otherwise provided in the Specific Terms, Licensee shall within 15 days after the end of each calendar quarter ("Accounting Period"), the first Accounting Period starting upon the date as indicated in the Specific Terms, submit to Licensor a detailed report containing all information hereafter specified as of the last day of the Accounting Period for which it is made, separated into two parts, one part containing such information only for the respective Accounting Period for which it is made and another one containing the same information from the beginning of the License Period until the last day of the respective Accounting Period (it being understood that such report shall be made regardless of whether or not a turnover has been made by Licensee during the Accounting Period and/or payments are due to Licensor):

- a) regarding the Theatrical Rights granted (i) a specific statement as to the Distribution Costs and (ii) a specific statements as to the places, cinemas, playing times, film rental and Theatrical Gross Receipts;
 - b) a complete and accurate statement and accounting of Licensee's Gross Receipts and Net Receipts to be treated separately for each media;
 - c) a complete and accurate statement and accounting of Licensor Royalties in each media;
 - d) a complete and accurate statement and accounting of any and all outstanding monies due to Licensee by its customers;
 - e) regarding the Home Video Rights (physical delivery) granted a complete and accurate statement reporting (i) the number of Videograms manufactured and actually on stock (ii) the number of Videograms sold and/or rented; and (iii) the actual wholesale price and the retail price charged for the Picture;
 - f) regarding the VOD Rights granted (including all Home Video Rights via electronic delivery) granted a complete and accurate statement reporting information about the number of online buys and/or streams on a transactional basis (EST, SVOD, etc.), and the actual retail price charged for the Picture;
 - f) a copy of all contracts concluded by Licensee with Authorized Sub-Licensees respectively the contracts with the ultimate distributors/any broadcaster.
- 4.2 Each report subject to sec. 4.1 is to be accompanied by the payment of Licensor's Royalties due to Licensor under this Agreement.
- 4.3 There shall be no deductions whatsoever from any payments made to Licensor under this Agreement on account of bank charges, withholding or remittance taxes, conversion taxes or for any other reason, it being the intent hereof that the Advance and Licensor's Royalties or any other sums whatsoever payable to Licensor under this Agreement shall be net amounts, free and clear of any tax, levy or charge whatsoever.
- 4.4 Cross-collateralization of proceeds resulting from different motion pictures under this Agreement (if several motion pictures should be licensed) or with other pictures currently being distributed by Licensee under license from Licensor for the purpose of recoupment of Advances or Distribution Costs shall only be allowed if this is expressly provided for in the Specific Terms.
- 4.5 Licensee undertakes to keep complete records on any and all exploitation carried out by Licensee under this Agreement. Licensor or its designee shall have the right of annual audit during normal business hours upon 21 days written

notice and shall be entitled to make copies of all documents related to the exploitation of the Picture. The before mentioned audit may only be made by an independent auditor. The costs of such examination are to be borne by the Licensor unless the examination results in discrepancies in excess of 5 % in favour of the Licensee in which case such reasonable costs will be paid by Licensee.

5. ADAPTATION AND LANGUAGE VERSION

- 5.1 Licensee shall exploit the Picture in its entirety in the form delivered by Licensor and shall not change the title of the Picture, cut, edit, excerpt, add to, delete from, and/or otherwise change the Picture (including credits) or its physical shape or format or the masters etc. other than expressly allowed under the present Agreement, and Licensee shall not include any other motion pictures in whole or in part or other material without Licensor's prior written consent, in case of censorship requirements provided that Licensee submits to Licensor the applicable regulations and laws.
- 5.2 Different from sec. 5.1 Licensee shall have the right to insert or authorize the insertion of (i) commercial announcement material during breaks in the Free-TV broadcast of the Picture, and (ii) the logo of broadcasters on screen.
- 5.3 Unless otherwise set forth in the Specific Terms, the Rights Granted to Licensee herein are limited to the dubbed/subtitled/voice-over version(s) (as specified in the Specific Terms) of the Picture. If the Specific Terms provide that Licensee is entitled to dub, and/or subtitle and/or voice-over the Picture in a language ("foreign language version") other than the delivered language version it is agreed as follows:
- (a) Licensee undertakes to produce a foreign language version of excellent quality that will meet the technical requirements for theatrical motion pictures in the License Territory.
 - (b) Licensee shall not alter, add to or delete the music (including any songs) accompanying the Picture in the course of making any foreign language version.
 - (c) All rights of exhibition, distribution, marketing, economic use, translation and adaptation in and to such foreign language version made by Licensee shall vest in the Licensor upon creation thereof without any limitations as to content, time and place, subject only to the right of Licensee to use such version to the extent provided herein, and Licensee will make its agreements with all persons connected with such dubbing, subtitling or voice-over or parts thereof in such manner that any rights such persons may possess are assigned and transferred to Licensor and fully paid for, so that Licensor may make free and unencumbered use of such version in any media, anywhere and at any time without obligation of any payment to any party, subject only to Licensee's limited license stipulated herein.

- (d) Licensor shall have free access to any foreign language version immediately upon production thereof.

6. LICENSEE'S EXPLOITATION OBLIGATIONS

- 6.1 Licensee undertakes to use its best endeavours to exploit the Picture for the optimal obtainable conditions given by the legal position granted to Licensee under this Agreement.
- 6.2 In the event of the parties agreeing on a Theatrical Release using a minimum number of prints, this shall be specified in the Specific Terms.
- 6.3 Licensee shall include in the Picture, and in any publicity, promotional, advertising and packaging material to the produced Videograms in the language of the License Territory the following notes:
 - The credit obligations and the copyright notice to be delivered by Licensor;
 - The logo of Licensor and the logos of the other co-producer to be delivered by Licensor
 - Anti-piracy warning in prominent type such as:

"This motion picture is protected under law. Unauthorized duplication, distribution or exhibition may result in civil liability and criminal prosecution."

Or with respect to the Home Video exploitation such as: "Warning: for private home use only; any unauthorized copying, hiring, lending or public performance of this Picture is prohibited by law; violations will be subject to prosecution."
- 6.4 Prior to Licensee's first use of all theatrical promotional material (such as release poster) and Videogram artwork materials (such as DVD sleeve), Licensee shall submit to Licensor the respective advertising and publicity materials via e-mail (as pdf or jpeg document) for Licensor's approval. Such approval shall be deemed granted unless disapproved in writing which shall set forth the reasons for such disapproval within fifteen (15) days after Licensor's receipt of such samples. Provided Licensee only uses the transparencies and/or stills supplied by Licensor, no approval of artwork is required. In addition Licensee agrees to provide Licensor with two (2) sets of produced Videogram products each (such as DVDs), as a sample.
- 6.5 Licensee agrees to provide the following release information of the Picture in the License Territory: During the first 2 (two) months of the initial theatrical distribution of the Picture in the License Territory Licensee shall deliver to

Licensor weekly box office figures (competitive and total box office information of the Picture); thereafter, such information shall be provided monthly.

6.6 With respect to the exploitation of the Home Video Rights (if granted) the following shall be applicable:

6.6.1 During the last six (6) months of the License Period Licensee shall not manufacture or have manufactured Videograms in excess of those reasonably expected to meet normal customer requirements during such period. In any event the number of Videograms manufactured in this period may not exceed the number manufactured in the preceeding six-months-period.

6.6.2 In the event that after expiry of the License Period any Videograms should be left over Licensee shall at Licensor's choice (upon Licensor's request and at Licensee's cost) either (i) deliver to Licensor or to another address given by Licensor all such remaining Videograms or (ii) destroy them and send to Licensor a certificate of such destruction, unless otherwise provided for in this Agreement.

6.6.3 Licensee shall neither manufacture nor authorize the manufacture of Videograms of the Picture in any so-called "multi-region" formats.

6.7 With respect to the exploitation of the Television Transmission Rights (if granted) the following shall be applicable:

6.7.1 Any satellite broadcasts made or permitted by Licensee capable of reception by the public in territories other than those defined in the Specific Terms or parts thereof but intended for reception by the public in such territories shall be deemed a material breach of this Agreement and entitle Licensor to immediate termination hereof. For the purpose of this Agreement a satellite broadcast capable of reception by the public outside the License Territory shall be deemed intended for reception by the public in such territories and therefore be unauthorized if

- (i) the Picture signals to be received carry or also carry language versions other than the licensed dubbed language version(s), or
- (ii) the Picture is interrupted by advertising spots in consideration of which Licensee or the ultimate distributor/broadcaster realizes any proceeds outside the License Territory (e.g. by promoting goods or services in languages corresponding to the official languages outside the License Territory), or
- (iii) the Picture is otherwise actively marketed outside the License Territory (e.g. if Licensee or the ultimate distributor/broadcaster makes available or permits to make available any devices capable of decryption of encoded program signals carrying the Picture outside the License Territory);

- (iv) the Picture signals are retransmitted by a cable or microwave system in said territory for reception by the public. However, the simultaneous relay of any broadcast of the Picture outside the License Territory which is under the authority of international agreements and/or for which a system for making copyright payments to copyright holders through a collection agency exists shall not be in breach of this Agreement. Any proceeds collected by such agencies are payable to Licensor.

6.7.2 The Licensor acknowledges that where the Picture is broadcast by means of satellite intended for reception inside the License Territory, such broadcasts may be capable of reception outside the License Territory due to the inherent capability of satellites to beam down signals which are not confined to territorial boundaries ("Satellite Overspill"). The Licensor agrees that the occurrence of Satellite Overspill shall not constitute a breach of this Agreement.

7. REPRESENTATIONS - WARRANTIES

- 7.1 Licensor represents and warrants to Licensee that it has the full right, power and authority to enter into and to perform this Agreement and has not entered into any agreement of any kind which may interfere with the performance of this Agreement.
- 7.2 The Rights Granted to Licensee do not cover the permission of copyright collecting societies, if such permission must be obtained for the exploitation of the Picture under this Agreement in the License Territory. It is Licensee's sole responsibility to negotiate with the collecting societies and to pay any and all royalties due them. The same refers to any rights in the trailer music contained in trailers to the Picture which have to be cleared by Licensee with the respective owner of rights.
- 7.3 Licensee represents and warrants to Licensor that:
 - a) it will only exploit the rights to the Picture as defined in this Agreement.
 - b) it will immediately upon knowledge or suspicion of any unauthorized exploitation of the Picture in the License Territory (piracy) inform Licensor thereof, and it will, in consultation with Licensor and/or at Licensor's request, take such measures and institute such legal action as may be necessary to prevent and/or pursue such piracy.
- 7.4 Should it turn out that rights and/or (faultless) materials under this Agreement are not available in whole or in part and in the event that Licensee thereby be impeded in the exploitation intended in this Agreement, Licensor and Licensee shall mutually agree on either providing Licensee with an adequate equalization (e.g. extension of the License Period, if possible, by a period of time equal in length to that during which Licensee was impeded etc.), or appropriately reducing the Compensation. Should the parties not come to an agreement

regarding any equalization, either party shall be entitled to terminate this Agreement with the consequence that those rights not yet exercised as well as the material delivered and produced by Licensee be returned and the Advance which was already rendered be reimbursed in full respectively in the adequate amount in consideration of the rights already exercised, and all actual, verifiable, out-of-pocket costs spent on materials for the Picture under this Agreement be reimbursed. All other rights and remedies Licensee may have under this Agreement, law or equity are excluded.

- 7.5 As long as the License Fee is not fully paid the grant of rights according to the present Agreement is subject to the condition subsequent of any insolvency event.

8. BREACH OF THE AGREEMENT

- 8.1 In the event of Licensee's failure to make punctual payment according to this Agreement and, if such failure has not been rectified within 15 days after the date which the Licensor provided Licensee with written notice of such as required herein, all outstanding monies owed by Licensee shall become immediately due and payable to Licensor. All overdue monies shall bear interest calculated at the rate ruled by the German Laws applicable on the date such monies are due.
- 8.2 In addition to sec. 8.1 and to any other rights and remedies at law and equity Licensor may, by giving written notice to Licensee terminate this Agreement and the license granted hereunder, if:
- a) Licensee has failed to make payments punctually as required under this Agreement or has committed another breach of its obligations under this Agreement, unless such breach has been cured within 15 days upon Licensor's respective written notice, or
 - b) Licensee goes into voluntary or involuntary liquidation, or is declared insolvent either in bankruptcy or other legal proceedings (whereby it is understood that Licensor may terminate upon opening of any such proceeding), or an agreement with creditors has been negotiated or reached by Licensee due to its failure or inability to pay its debts as they fall due, or a receiver is appointed over the whole or part of Licensee's business, or Licensee has ceased to carry on active business as a distributor or Licensee has ceased to exploit any or all of the Rights Granted for more than 6 months. Upon occurrence of anyone of these events this Agreement shall automatically terminate without Licensor's declaration if and as far as legally possible, or
 - c) Licensee undertakes to assign and/or sublicense this Agreement and/or any of the rights contained herein in whole or in part to any third party otherwise than permitted under sec. 9.1 herein below.

- 8.3 In the case of any such termination according to sec. 8.2 all rights granted to Licensee under this Agreement shall automatically revert to Licensor, and all monies paid to Licensor by Licensee shall remain Licensor's property. Licensee shall be liable for all damages Licensor may suffer for reason of the termination of this Agreement.

Any material in Licensee's possession – if any - shall be delivered to Licensor not later than one (1) week after the termination as herein provided.

- 8.4 As security for all claims which Licensor may have against Licensee under this Agreement (e.g. in the event of an uncured payment default by Licensee, or Licensee's insolvency, or any other uncured material breach by Licensee – collectively „events of default“), Licensee hereby assigns to Licensor its claims for payment which Licensee may now or in the future have vis-à-vis its clients with respect to the Picture of an amount equal to any outstanding amount (“Assigned Amounts”). In any such event of default and termination of this Agreement Licensor shall be entitled to collect all such Assigned Amounts directly from Licensee's clients.

9. ASSIGNMENT AND SUBLICENSING

- 9.1 Except for sublicensing the Theatrical Rights granted by this Agreement to theatres within the License Territory and unless otherwise provided in the Specific Terms, Licensee shall not be entitled to assign, sub-license, sub-distribute or otherwise transfer this Agreement or any of the rights contained herein in whole or in part to any third party without Licensor's prior written consent except for the following: Licensee may assign the present Agreement in whole (i) in connection with any merger, consolidation or other reorganization of Licensee, or (ii) the sale of all or substantially all the assets of Licensee, provided that the transferee is in sound financial standing and has appropriate distribution facilities and agrees to assume and perform all of Licensee's covenants, agreements, duties and obligations under the present Agreement, arising and accruing from and after the date of such transfer. In each such case Licensee shall be obliged to send Licensor a notice of assignment.

In case of any Authorized Sublicensing/Assignment Licensee shall nevertheless remain fully responsible for due performance of all the terms and conditions of the present Agreement.

Any assignment, sublicensing or subdistribution by Licensee in violation of this Agreement shall be void and of no force and effect.

- 9.2 Licensor shall be entitled to assign its right to receive payment (including future payments) from Licensee for the Picture to any third party. Furthermore, Licensor shall be entitled to assign this Agreement in whole or in part to any third party – also by way of assumption of all rights and obligations under this Agreement by such third party.

10. MISCELLANEOUS

- 10.1 Licensor and Licensee shall not publicly divulge or announce nor in any manner disclose to any third party this Agreement and/or any terms thereof without the prior consent of the other party.
- 10.2 In the event that any provisions of the present Agreement are or become invalid, the validity of the remaining provisions remains unaffected thereby. The parties shall agree on the replacement of such provisions by provisions apt to attain the desired economic aim in view of the interests concerned. The same applies to bridging possible gaps in the present Agreement.
- 10.3 Any amendments to or modifications of the present Agreement shall be made in writing so as to be legally effective. The same shall apply to the conditioning out of the present clause concerning the required written form.
- 10.4 This Agreement shall be construed and interpreted in accordance with the laws of the Federal Republic of Germany and the appropriate courts of Munich shall have jurisdiction. Notwithstanding the foregoing, Licensor is also free to bring legal action against the Licensee at Licensee's main place of business in which event the Agreement shall be deemed to be construed under the laws of such country.

Oberhaching,

Panevezys,



Beta Cinema GmbH
 Grünwalder Weg 28 d
 82041 Oberhaching
 Beta Cinema GmbH
 (Licensor)



Direktorė
Genė Pučinskienė

Kino centras "Garsas"
 (Licensee)