

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 12, 2024

Motorsport Games Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39868
(Commission
File Number)

86-1791356
(I.R.S. Employer
Identification No.)

5972 NE 4th Avenue
Miami, FL
(Address of principal executive offices)

33137
(Zip Code)

Registrant's telephone number, including area code: **(305) 507-8799**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, \$0.0001 par value per share	MSGM	The Nasdaq Stock Market LLC (The Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry Into a Material Definitive Agreement

I. On April 12, 2024, Motorsport Games Inc., a Delaware corporation (the “Company”), entered into a Settlement Agreement (the “Agreement”) with BARC (TOCA) LIMITED (“TOCA”). The Agreement resolved any and all disputes between the Company and TOCA with respect to the termination of the License agreement, dated May 29, 2020, between the Company and TOCA (the “Prior License Agreement”). As previously disclosed by the Company on its Current Report on Form 8-K filed on November 6, 2023, the Prior License Agreement was terminated effective as of November 3, 2023. Pursuant to the Agreement, the Company and TOCA, without admitting any liabilities, agreed that that the Prior License Agreement was terminated without any liabilities and that any and all royalties and/or any other sums whatsoever were forgiven by TOCA and discharged in their entirety in consideration of (i) the Company’s one-time payment of \$225,000 to TOCA and (ii) the Company and TOCA entering, effective as of April 12, 2024, into a new License Agreement to use certain licensed intellectual property related to, themed as, or containing the British Touring Car Championship (the “New BTCC License Agreement”).

II. On April 12, 2024, the Company and TOCA entered into the New BTCC License Agreement. Pursuant to the New BTCC License Agreement, TOCA granted the Company a non-exclusive license to use the “British Touring Car Championship,” “BTCC” and (insofar only as this is included in the title of the British Touring Car Championship) certain title sponsor logos, the title “British Touring Car Championship,” “BTCC” and other related intellectual property rights described in the New BTCC License Agreement (collectively, the Licensed IP”) for the official Licensed IP downloadable content purchased for the rFactor 2 video game digitally sold and distributed through the Steam store (including, but not limited to purchases through Licensee’s RaceControl storefront) (the “Products”), including the Products’ development, manufacturing, marketing, publicity, advertisement, promotion, distribution, publicizing, broadcasting, streaming, making available and/or selling worldwide, continued commercial exploitation of the Products, including the right to use, modify and improve the Products developed using the Licensed IP. As consideration for the license under the New BTCC License Agreement, the Company will be obligated to pay TOCA an annual royalty in the amount of 50% of Adjusted Gross Annual Sales (as defined in the New BTCC License Agreement) of official Company’s downloadable Products purchased for the rFactor 2 video game digitally sold and distributed through the Steam store during the term of the New BTCC License Agreement. The term of the New BTCC License Agreement expires on December 31, 2026. The New BTCC License Agreement further provides that, during the term of New BTCC License Agreement, the Company and TOCA agree to negotiate in good faith the options for the Company to develop an official British Touring Car Championship video game and one or more esports competitions based upon the British Touring Car Championship.

The above description of each of the Agreement and the New BTCC License Agreement and is intended as a summary only and is qualified in its entirety by the terms and conditions set forth therein. Copies of the Agreement and the New BTCC License Agreement are attached hereto as Exhibit 10.1 and 10.2, respectively, and are incorporated herein by this reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 [Settlement Agreement, dated as of April 12, 2024, between the Company and BARC \(TOCA\) LIMITED](#)

10.2* [License Agreement, dated as of April 12, 2024, between the Company and BARC \(TOCA\) LIMITED](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Portions of the exhibit, marked by brackets, have been omitted because the omitted information (i) is not material and (ii) is the type that the Company treats as private or confidential.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Motorsport Games Inc.

Date: April 18, 2024

By: /s/ Stephen Hood

Stephen Hood
Chief Executive Officer and President

EXHIBIT INDEX

Exhibit No.	Description
10.1	Settlement Agreement, dated as of April 12, 2024, between the Company and BARC (TOCA) LIMITED
10.2*	License Agreement, dated as of April 12, 2024, between the Company and BARC (TOCA) LIMITED
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Portions of the exhibit, marked by brackets, have been omitted because the omitted information (i) is not material and (ii) is the type that the Company treats as private or confidential.

SETTLEMENT AGREEMENT

This Settlement Agreement (this “Agreement”) is entered into and effective as of April 12, 2024 (the “Effective Date”) between:

(i) Motorsport Games Inc., a Delaware corporation whose registered office is at 5972 NE 4th Avenue, Miami, Florida 33137, U.S.A. (the “Company”), and

(ii) BARC (TOCA) LIMITED, a private limited company incorporated and registered in England and Wales with company number 05246427 whose registered office is at Thruxton Motor Racing Circuit, Thruxton, Andover, SP11 8PN (“TOCA”).

The Company and TOCA are sometimes collectively referred to herein as the “Parties” and individually as a “Party.”

RECITALS

A. The Company and TOCA entered into the license agreement, dated May 29, 2020 (the “Prior License Agreement”).

B. Pursuant to the Prior License Agreement, the Company was granted an exclusive license to use certain licensed intellectual property for motorsports and/or racing video gaming products related to, themed as, or containing the BTCC, on consoles and mobile applications, esports series and esports events.

C. On October 26, 2023, TOCA delivered notice to the Company terminating the Prior License Agreement effective as of November 3, 2023S.

D. Following the termination of the Prior License Agreement, TOCA’s position has been that the outstanding royalties payable and other sums payable by the Company to TOCA are \$850,000.

E. The Parties desire to reach a resolution of all issues between the Parties arising out of or in connection with the Prior License Agreement and any and all other matters on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and of the mutual agreements and covenants set forth in this Agreement, and for other good and valuable consideration, the sufficiency and adequacy of which is acknowledged, the Parties, without admitting any liabilities, hereby agree as follows:

1. **Incorporation of Recitals**. The above and foregoing recitals are incorporated herein and made a part of this Agreement. The Parties represent that the foregoing recitals are true and correct.

2. **Settlement Terms**. Subject to full execution of this Agreement by all Parties:

- a. In consideration for the Settlement Payment (as defined below) and the Parties entering into the New License Agreement (as defined below), TOCA hereby agrees that the Prior License Agreement was terminated without any liabilities by the Company and that any and all royalties and/or any other sums whatsoever are hereby forgiven by TOCA and are deemed discharged in their entirety.
- b. **Settlement Payment**. The Company shall pay \$225,000 to TOCA on April 12, 2024.
- c. **New License Agreement**. The Parties shall enter on and effective as of April 12, 2024 into a new license agreement to use certain licensed intellectual property related to, themed as, or containing the BTCC in the form attached hereto as **Exhibit A**.

3. **Mutual Releases.**

a. **TOCA's Releases.** Except as to the obligations created by this Agreement, TOCA, on behalf of itself and its agents, heirs, companies, representatives, shareholders, members, affiliates, parents, subsidiaries, partners, officers, directors, principals, predecessors, successors in interest (in whole or in part), and assigns, does hereby fully and forever release and discharge the Company, and each of its respective agents, partners, members, directors, officers, employees, affiliates, principals, predecessors, successors in interest (in whole or in part), heirs, representatives, and assigns (collectively, the "Company Released Parties"), from any and all claims, actions, causes of action, suits at law or in equity, demands, damages (actual, compensatory, special, presumed, punitive, or statutory), costs, judgments, expenses, liabilities, attorneys' fees and legal costs or any compensation whatsoever, whether based upon alleged tort or alleged contract, vicarious liability, strict liability or any other legal or equitable theory of recovery, matured or unmatured, current or future, known or unknown of any kind or nature that any of the TOCA Released Parties (as defined below) have, or ever had against the Company Released Parties.

b. **Company' Releases.** Except as to the obligations created by this Agreement, the Company, on behalf of itself and its agents, heirs, companies, representatives, shareholders, members, affiliates, parents, subsidiaries, partners, officers, directors, principals, predecessors, successors in interest (in whole or in part), and assigns does hereby fully and forever release and discharge TOCA, and each of his agents, partners, members, directors, officers, employees, affiliates, principals, predecessors, successors in interest (in whole or in part), heirs, representatives, and assigns (collectively, the "TOCA Released Parties"), from any and all claims, actions, causes of action, suits at law or in equity, demands, damages (actual, compensatory, special, presumed, punitive, or statutory), costs, judgments, expenses, liabilities, attorneys' fees and legal costs or any compensation whatsoever, whether based upon alleged tort or alleged contract, vicarious liability, strict liability or any other legal or equitable theory of recovery, matured or unmatured, current or future, known or unknown of any kind or nature that the Company Released Parties have, or ever had against the TOCA Released Parties.

c. **Covenant not to Sue or Initiate Proceedings.** Each of the Parties agrees not to sue or initiate any civil proceeding, criminal proceeding, or regulatory proceeding against the other Party or in any way assist any other person or entity in doing so with respect to the claims released herein. This release provisions as set forth in this Section 3 may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the release contained herein.

4. **Cooperation to Facilitate Agreement.** The Parties agree to cooperate, and cause their representatives to cooperate, in taking any further action(s) reasonably necessary to implement the letter and purpose of this Agreement.

5. **Miscellaneous Terms.**

a. **Entire Agreement.** This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement, and supersedes all other agreements between the Parties. The terms of this Agreement can be modified only by a writing signed by all of the Parties who are affected by such modification at the time of the modification. This Agreement cannot be orally modified.

b. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be unenforceable without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Notwithstanding the foregoing, the Parties agree that if any provision of this Agreement is determined by a court to be void, invalid, or unenforceable, and, as a result the Party for whose benefit such void, invalid, or unenforceable provision exists is denied any or all of the material benefits provided to such Party pursuant to this Agreement (as determined by a court of competent jurisdiction), then this Agreement may be rescinded by such Party.

c. Construction. Headings are used herein for convenience only and shall have no force or effect in the interpretation or construction of this Agreement. All references in this Agreement to the singular shall be deemed to include the plural if the context so requires and vice versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

d. Governing Law. This Agreement shall be governed by the laws of the State of Florida, without giving effect to its choice of law principles.

e. Representation. The Parties acknowledge and represent that they have been given adequate opportunity to consult with legal counsel before entering into this settlement and executing this Agreement. The language of this Agreement shall be construed as representing the Parties' mutual understanding and as having been drafted and approved by the Parties and counsel for all Parties. Each individual signing this Agreement represents and warrants that he or she has the full right, power and authority to execute this Agreement on behalf of the Party for which or whom he or she signs. Each Party covenants and agrees to execute such further documents and perform such further acts as may be reasonable and necessary to effectuate the purposes of this Agreement.

f. Attorneys' Fees and Costs. The Parties shall each bear their own respective attorneys' fees and costs incurred in connection with the matters resolved by this Agreement, as well as the negotiation and documentation of the compromise represented by this Agreement. However, in the event of any proceedings to enforce this Agreement, the prevailing party shall be entitled to recover its legal expenses, including attorneys' fees and costs, incurred in connection therewith. The parties further agree that this Agreement may be introduced into evidence in any subsequent proceeding to enforce its terms.

g. Successors and Assigns. This Settlement Agreement is binding upon, and shall inure to the benefit of, the Parties, their current, past and future officers, directors, supervisors, employees, agents, representatives, subsidiaries, affiliates, associates, and their heirs, beneficiaries, trustees, administrators, estates, predecessors, successors and assigns.

h. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed an original and all of which shall constitute one and the same agreement, with the same effect as if all Parties had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement and reattached to any other counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages. This Agreement shall only become effective on its execution by all Parties.

[Signatures are on next page.]

IN WITNESS WHEREOF, the Parties execute this Agreement as of the date set forth below.

MOTORSPORT GAMES INC.

By: /s/ Stephen Hood
Name: Stephen Hood
Title: Chief Executive Officer and President

BARC (TOCA) LIMITED

By: /s/ Alan Gow
Name: Alan J Gow
Title: Chief Executive

Exhibit A

Form of New License Agreement

[Attached hereto]

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and is the type that the Company treats as private or confidential.

LICENSE AGREEMENT

This LICENSE AGREEMENT (this “Agreement”) is entered into effective as of April 12, 2024 (the “Effective Date”), by and between:

(i) BARC (TOCA) LIMITED, a private limited company incorporated and registered in England and Wales with company number 05246427 whose registered office is at Thruxton Motor Racing Circuit, Thruxton, Andover, SP11 8PN (“Licensor”), and

(ii) MOTORSPORT GAMES INC., a Delaware corporation whose registered office is at 5972 NE 4th Avenue, Miami, Florida 33137, U.S.A. (“Licensee”).

Licensor and Licensee are hereinafter referred to collectively as the “Parties” or individually as a “Party.”

WHEREAS:

A. Licensor has the exclusive right to exploit, license and sub-license the Licensed IP during the Term (as defined below);

B. Licensee manufactures, develops, operates, markets, publicizes and distributes Products (as defined below); and

C. Licensee desires to develop certain Products using and/or bearing, subject to the terms and conditions set forth in this Agreement, the Licensed IP.

NOW, THEREFORE, in consideration of the obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. License Grant; Royalty; Payment Schedules.

1.1 Subject to the terms and conditions of this Agreement, Licensor hereby grants Licensee:

(a) a non-exclusive, worldwide license to use during the Term (as defined in Section 6.1 of this Agreement) the Licensed IP for the Products, including the Products’ development, manufacturing, marketing, publicity, advertisement, promotion, distribution, publicizing, broadcasting, streaming, making available and/or selling worldwide, continued commercial exploitation of the Products, including the right to use, modify and improve the Products developed using the Licensed IP;

(b) For Purposes of this Agreement:

“Championship” means the British Touring Car Championship, being a motorsport championship staged and promoted by the Licensor under license from the Royal Automobile Club Motor Sport Association Limited (“Motorsport UK”).

“Licensed IP” means collectively the “British Touring Car Championship,” “BTCC” and (insofar only as this is included in the title of the Championship) title sponsor logos (including the logos set forth on Annex A attached to this Agreement), the title “British Touring Car Championship,” and “BTCC” together with the right to incorporate in its representation of the Championship within the Products the following in so far as they relate to and form part of the Championship during the relevant year and are clearly used in that context: races, tracks, compounds, technical requirements, teams, race formats, race reports, race standings, other statistics, lap records, race grids, trophies, drivers, components, racing physics, tournament structures, racing conditions, artwork (including in digital form), events, copyrights, trade dress, names, likenesses, primary and special paint schemes, vehicle designs, visual representations, helmets, uniforms, photographs and accessories and their respective non-English language equivalents or permutations thereof, together with such other logos, expressions, marks, themes, races, tracks, compounds, technical requirements, teams, race formats, race reports, race standings, race grids, trophies, drivers, components, racing physics, tournament structures, artwork (including in digital form), events, copyrights, trade dress, names, likenesses, primary and special paint schemes, vehicle designs, visual representations, helmets, uniforms, photographs and accessories as the Licensor may develop from time to time during the Term as part of the Championship.

“Products” means the official Licensed IP downloadable content purchased for the rFactor 2 video game digitally sold and distributed through the Steam store (including, but not limited to purchases through Licensee’s RaceControl storefront) during the Term;

“Sell Off Period” has the meaning set out in Section 6.5.

1.2 The Parties agree that Licensee’s use of Licensed IP hereunder, including the goodwill arising from such use, shall inure to the benefit of Licensor, and Licensee shall have no right whatsoever to Licensed IP (except the limited license rights as specifically set forth herein). Licensee agrees:

(a) to not use Licensed IP except as specifically set forth herein.;

(b) to not affix or include any other third-party logos or marks without the Licensor’s prior written consent (which shall not be unreasonably withheld or delayed);

(c) to include a notice that the Product is produced under license and copyright notice in a form agreed by the Licensor (such agreement not to be unreasonably withheld or delayed);

(d) not begin to manufacture, permit a sub licensee to begin manufacture or sell or distribute any Product without obtaining the Licensor’s approval in respect of the initial concept and for the samples of the Product in accordance with Section 5 and otherwise complying with the obligations under Section 5.

1.3 Licensee shall not at any time do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of Licensor’s right, title, and interest respecting Licensed IP. Licensee shall not in any manner represent that it has any ownership in Licensed IP, and Licensee acknowledges that its use and development of Licensed IP shall not create in Licensee’s favor any right, title, or interest in or to Licensed IP.

1.4 The Licensee undertakes to ensure that its advertising, marketing and promotion of Products shall incorporate the title of the Championship and shall in no way reduce or diminish the reputation, image and prestige of the Licensor, the sponsors of the Licensor, Motorsport UK, the Licensed IP or the Championship (including the teams, drivers and/or driver, team and venue sponsors involved with the Championship from time to time).

1.5 Licensee shall not pledge its rights to Licensed IP as security for any of Licensee’s debts or any other purpose or allow any third party to have rights in Licensed IP or rights related to this Agreement without the prior written consent of Licensor and (in the case of sub licensees) in accordance with Section 1.6 below.

1.6 The Licensee shall have the right to grant sub-licenses of the Licensed IP for the Products provided that:

(a) the Licensee obtains the prior written consent of the Licensor;

(b) the Licensee shall ensure that the terms of any sub-license are in writing and are substantially the same as the terms of this Agreement (except that the sub licensee shall not have the right to sub-license its rights) and the Licensee shall provide the Licensor with a copy of the sub-license for approval before signing it;

(c) all sub licenses granted shall terminate automatically on termination or expiry of this Agreement;

(d) the Licensee shall be liable for all acts and omissions of any sub licensee and shall indemnify the Licensor against all costs, expenses, claims, loss or damage incurred or suffered by the Licensor, or for which the Licensor may become liable (including any economic loss or other loss of profits, business or goodwill), arising out of any act or omission of any sub licensee, including any product liability claim relating to Licensed Products manufactured, supplied or put into use by the sub-licensee; and

(e) any sub licensee shall first enter into a supplemental agreement direct with the Licensor in a form satisfactory to the Licensor.

1.7 As consideration for the license set forth in this Agreement, Licensee shall pay Licensor an annual (for each 12-month period of the Term) royalty (the "Royalty") in the amount of:

(a) Fifty percent (50%) of Adjusted Gross Annual Sales (as defined below) of official Licensor downloadable Products purchased for the rFactor 2 video game digitally sold and distributed through the Steam store during the Term;

"Adjusted Gross Annual Sales" means, with respect to a Product, the dollar amount of gross sales of such Product during an applicable 12-month period less the aggregate dollar amount of all reasonable Distribution Fees properly and necessarily incurred in and directly attributable to such sales of the Products, all provisions and discounts reasonably granted for the Products provided these are granted on an arms-length basis. Where the Licensee has granted any sub licence pursuant to Section 1.6 the Licensee shall include in its royalty payments, payments in respect of all sales of the Products carried out by or on behalf of the sub licensee and shall include records of such activities in the records it keeps and the statements it submits to the Licensor in accordance with this Agreement.

"Distribution Fees" means platform holder fees and boxed fees but shall not include expenses related to the general overhead expenses of the Licensee, or (unless expressly agreed in writing by the Licensor) any charges or fees payable to any associated or connected company or company within the same group as the Licensee. Any increase to Distribution Fees above a cap of 30% of the wholesale price of the Products shall be subject to the prior agreement of the Licensor PROVIDED that no consent shall be necessary in relation to an increase in third party platform fees that is imposed on an arm's length basis and is necessarily incurred for the Products, subject to the Licensor promptly receiving prior notification and full details of any such increase.

1.8 The Licensee shall not distribute the Products other than by way of arms-length sales. Any promotional give away of Products or discounted sales and bundling shall be limited to an amount agreed in writing by the Licensor (such agreement not to be unreasonably withheld or delayed).

1.9 All payments made by the Licensee under this Agreement are exclusive of VAT or other sales tax, which if payable shall be payable to the Licensor in addition. All royalties shall be paid free and clear of all deductions and withholdings unless such deduction or withholding is required by law. If any deduction or withholding is required by law the Licensee shall pay to the Licensor such sum as will, after the deduction or withholding has been made, leave the Licensor with the same amount as it would have been entitled to receive in the absence of any requirement to make a deduction or withholding.

1.10 Within ninety (90) days after the end of each 12-month period of the Term, Licensee shall calculate the exact amount of the Royalty for such period based on the actual amount of Adjusted Gross Annual Sales during such period of Products branded with the Licensed IP and using the Licensed IP content (the "Final Annual Royalty Amount"). To the extent the amount Licensee previously paid for such period Royalty payments are less ("Shortfall") or more ("Excess") than the Final Annual Royalty Amount, Licensee shall so notify Licensor of such Shortfall or Excess (as the case may be). Within thirty (30) days after such notification, Licensee shall pay Licensor such Shortfall or Licensor shall pay Licensee such Excess, as applicable.

1.11 Payments details:

(a) All payments shall be remitted by Licensee to Licensor to:

[***]

1.12 At the same time as payment of the Royalty falls due (including upon termination and during any Sell off Period under Section 6.5), the Licensee shall submit or cause to be submitted to the Licensor a statement in writing recording the calculation of such Royalty payable, and in particular:

(a) the period for which the Royalty was calculated;

(b) the number of Products sold or distributed during that period;

(c) the number of Products manufactured during that period but not yet sold or distributed;

(d) the gross sales price of each Product sold during the period, together with any returns, with details and evidence of any deductions which have been made from the gross price appended;

(e) the amount of royalties due and payable or which would, but for any recoupment of the Minimum Guaranteed Annual Payment, have been payable;

(f) the amount of any withholding or other income taxes deductible or due to be deducted from the amount of royalties due and payable; and

(g) any other particulars the Licensor may reasonably require.

1.13 The Licensee acknowledges that for the purpose of calculating the Royalty due to the Licensor any Distribution Fees or other deductions from the gross sales shall be invalid unless the Licensee has provided documentary evidence of them to the reasonable satisfaction of the Licensor.

1.14 In the event of any delay in paying any sum due under this Agreement by the due date, and in addition and without prejudice to the exercise of any other remedy of the Licensor, the Licensee shall pay to the Licensor interest (calculated on a daily basis and compounded monthly) on the overdue payment from the date such payment was due to the date of actual payment at a rate of 2% over the base lending rate of Barclays Bank PLC from time to time.

1.15 The Licensee shall keep proper records and books of account in accordance with generally accepted accounting principles with respect to all transactions relating to this Agreement. Such records and books shall be kept separate from any records and books not relating solely to the Products and be open during normal business hours to inspection and audit by the Licensor (or its authorized representative), who shall be entitled to take copies of or extracts from the same. Such right of inspection of the Licensor shall remain in effect for a period of three years after the termination or expiry of this Agreement. If an inspection or audit should reveal a discrepancy in the Royalty paid from those payable under this agreement the Licensee shall immediately make up the shortfall, with interest calculated under Section 1.14, and reimburse the Licensor in respect of any professional charges incurred for such audit or inspection.

1.16 Licensor shall provide livery updates and minor model corrections to portray each Championship season appearance no later than 1 July of the applicable calendar year. New cars and major model revisions will be provided during the calendar year and Licensee will use its best efforts to incorporate such new cars and models during the applicable Championship season.

1.17 Licensor understand and agrees that Licensee is the owner of all content related to the Products and that Licensor shall not share any such content to any third party without the prior written approval of Licensee.

1.18 During the Term, the Parties agree to negotiate in good faith the options for Licensee to develop (i) an official Championship video game, and (ii) one or more Esports competitions based upon the Championship. “Esports” shall mean a form of multiplayer competition using video games, primarily between competitive gamers that includes the ability to perform in front of an audience, whether through an online platform, broadcasted on television, or at a physical event.

2. Additional Deliverable. Not later than the date that is 30 days after the release of the Products for sale to general public, Licensee shall make available to Licensor aggregate 50 digital keys for all Product content branded with the Licensed IP and using the Licensed IP content free of charge.

3. Maintenance and Renewals. During the Term, Licensor shall have an obligation to pay any fees related to Licensed IP, including government registration fees and associated attorney fees. Licensor may seek registration of Licensed IP, and Licensee shall (at Licensor’s cost) provide reasonable assistance to Licensor such as providing specimens of use of trademarks, copyright deposits, and reasonably cooperating with Licensor to register Licensed IP.

4. Enforcement. Licensee shall reasonably promptly inform Licensor in writing of any potential infringement relating to Licensed IP after becoming aware of any such potential infringement. Should Licensor believe that a third party is infringing Licensed IP, Licensor shall make a reasonable determination as to whether to not to file suit or any other type of action or proceeding against that third party. Should Licensor file suit or another type of action, Licensor may join Licensee as a party to such suit or action and Licensee shall provide reasonable assistance to Licensor in any such action but shall not be obliged to incur any third party costs in so doing.

5. Quality Control.

5.1 The Licensee shall ensure that the Products and all packaging:

- (a) comply with all applicable law, rules, regulations, safety standards and codes of practice;
- (b) are of a quality and standard equal to good industry standard;
- (c) are not defective in terms of workmanship, materials or otherwise.

5.2 The Licensee shall provide the Licensor for each Product and its packaging provide to the Licensor for the Licensor’s prior written approval (such approval not to be unreasonably withheld or delayed):

- (a) The initial concept;
- (b) if the initial concept is approved, one pre-production sample with packaging; and
- (c) a final production sample of the Product with packaging.

For the avoidance of doubt any approval given by the Licensor shall not constitute a waiver of the rights of the Licensor or the Licensee’s obligations and duties under this Agreement.

5.3 If the initial concept or samples provided under Section 5.2 are not approved by the Licensor the Licensee shall make such modifications as may reasonably be required by the Licensor and re submit such samples to the Licensor for its approval (such approval not to be unreasonably withheld or delayed). The Licensee shall not materially alter or amend the Product or its packaging that are approved for production by the Licensor pursuant to this Section 5 without first obtaining the written approval of the Licensor in accordance with Section 5.2.

5.4 The Licensee shall on the Licensor's request provide the Licensor with details of any complaints it has received in relation to the Products together with a report on the steps taken or being taken to resolve and fully address such complaints. Any complaints raising or potentially raising any issue of safety shall be reported to the Licensor (without a request from the Licensor being necessary) within ten working days of receipt. The Licensee shall comply with any reasonable directions given by the Licensor in respect of such complaints.

5.5 Licensor and its duly authorized representative(s) shall have the right, during normal business hours upon reasonable advance notice, to inspect any facility, storage, warehousing, vehicle, ship, aircraft, goods, supplies, and anything else used in connection with Licensed IP by Licensee in order for Licensor to monitor the quality of the Products being provided by Licensee and to ensure that the quality of the Products is of the required standard and consistent with the samples provided. Upon Licensor's written request, Licensee shall grant Licensor access to individuals or organizations served by Licensee in order for Licensor to monitor use of Licensed IP accordance with the quality standards and other requirements of this Agreement. If Licensor notifies Licensee in writing of the disapproval of the quality of Products provided by Licensee in connection with Licensed IP or any misuse of Licensed IP, Licensee shall take prompt steps as reasonably required by the Licensor to improve such quality and/or to remedy trademark use.

5.6 Licensee acknowledges and agrees:

(a) that it will use Licensed IP properly as determined by the applicable U.S. and United Kingdom trademark laws; and

(b) that the exercise of the licence and worldwide rights granted to the Licensee under this agreement is subject to all applicable laws, enactments, regulations and other similar instruments, and the Licensee understands and agrees that it shall at all times be solely liable and responsible for such due observance and performance.

5.7 In order to promote the Products the Licensee may display so far as is reasonably required to advertize and establish a link to the Products, Licensed IP on the Licensee's and/or the Licensee distributors' and/or retailers', websites, on-line or physical publications, streaming services, game covers of the digitally downloaded games or game add-ons, esports platforms or social media platforms and/or networking sites. The Licensor may agree from time to time to the Licensee producing a limited amount of merchandize clearly branded with the Products in order to promote and advertise the Products, the cost of such merchandize shall be borne by the Licensee and shall not be deductible from any Royalty payable to the Licensor. An additional royalty shall be paid (in an agreed amount) to the Licensor for any Product merchandize that is sold.

6. Term; Termination.

6.1 "Term" means the period starting on the Effective Date and ending on 31st December 2026. In the event that the Licensor's agreement with Motorsport UK to promote the Championship is extended the Licensor shall notify the Licensee of the possibility of an extension of this Agreement, any such extension to be agreed between the Parties, acting reasonably, which discussions shall (unless otherwise agreed in writing by the Parties) take place no later than 31st March 2026.

6.2 Licensor may terminate this Agreement and revoke the license to Licensed IP in whole or in part immediately on written notice if Licensee:

(a) files for bankruptcy protection or suspends, or threatens to suspend, payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts, or suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business;

(b) fails to pay Licensor the Royalty owed under this Agreement within thirty (30) days of when it becomes due under the terms of this Agreement;

(c) commits a breach of any other term of this Agreement which breach is irremediable or (if such breach is remediable) fails to remedy that breach within a reasonable period of time not exceeding 30 days after being notified in writing to do so.

Where a breach is capable of remedy, the Licensee will work diligently and in good faith to ensure that any deficiencies are remedied within a reasonable period of time (not exceeding 30 days from notification of breach). In the event the deficiencies cannot be remedied after such good faith effort, Licensor shall have the additional right which may be exercised by it in its absolute and sole discretion that instead of terminating this Agreement it may terminate this Agreement in part and prohibit Licensee's use of the Licensed IP in connection with the portion of the Products not in compliance with this Agreement. In such a termination of part Sections 6.3, 6.4, 6.5, 6.6 and 6.7 shall apply to the part of the Agreement (or section of Products) that is terminated.

6.3 On the effective date of termination of this Agreement pursuant to Sections 6.2:

(a) Licensee shall cease manufacturing or producing the Products and using the Licensed IP content.

(b) Licensee's license to use the Licensed IP for any new Products development or manufacturing any new Products shall terminate.

(c) Licensee shall not use the Licensed IP for any products manufactured or produced after the effective date of such termination.

(d) all outstanding Royalty payable and other sums payable by the Licensee to the Licensor including any payments constituting the Initial Fee and the Minimum Guaranteed Annual Payment shall immediately become due and payable;

(e) the Licensee shall return promptly to the Licensor at the Licensee's expense all records and copies of Licensed IP in its possession relating to the Products and all records and copies of any information of a confidential nature communicated to it by the Licensor;

(f) if no Sell Off Period applies in accordance with Section 6.5 within 90 days of the date of termination the Licensee shall destroy all Products remaining in the Licensee's possession or control on the date of termination.

6.4 Sixty days before the expiration of this Agreement and again within ten days of the termination or expiration of this Agreement (as applicable) the Licensee shall provide the Licensor with a statement of the number and description of the Products in the Licensee's possession or control (including for the avoidance of doubt those held by sub licensees) ("Final Statement").

6.5 Sell Off Period: On termination of this Agreement other than by reason of termination by the Licensor for the Licensee's breach, the Licensee shall for the Sell Off Period, have the right to dispose of all stocks of Products in its possession or control and all Products in the course of manufacture at the date of termination or expiry (even if not yet marketed, publicized, streamed, distributed or sold) prior to the effective date of termination of this Agreement provided that:

(a) All Royalty Payments due to the Licensor under the Agreement have been paid in full and relevant statements provided to the Licensor to the Licensor's satisfaction; and

(b) A Royalty shall be payable at the rates set out in Section 1.7 in respect of Products disposed of during the **Sell Off Period** as if such stocks were supplied at or before the date of termination, provided that Royalties earned during the Sell Off Period shall not be set against the Minimum Guaranteed Annual Payment. Such Royalty shall be paid within 90 days of the end of the Sell Off Period with the relevant statement provided in accordance with Section 1.12;

(c) The Licensee has provided the Licensee with a Final Statement in accordance with Section 6.4;

(d) The Licensee shall within 90 days of expiry of the Sell Off Period destroy any Products remaining in the Licensee's possession or control (as reconciled against the Final Statement and the numbers of Products disposed of during the Sell Off Period) and shall provide a certificate of destruction to that effect.

“**Sell Off Period**” means the period beginning on the date of termination or expiry and ending on the date that is the earlier of:

- (i) 180 days after termination or;
- (ii) 31st December 2026.

6.6 Any provision of this Agreement that expressly or by implication is intended to come into or to continue in force on or after termination or expiry of this Agreement shall remain in full force and effect.

6.7 Termination or expiry of this Agreement shall not affect any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of termination or expiry, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry.

7. Liability, Indemnity and Insurance

7.1 To the fullest extent permitted by law, the Licensor shall not be liable to the Licensee for any costs, expenses, loss or damage (whether direct, indirect or consequential and whether economic or other) arising from the Licensee's exercise of the rights granted to it under this Agreement save that the Licensor shall indemnify Licensee for costs, expenses losses or damages directly arising from the licensor's breach of the warranties set forth in Section 8.2.

7.2 The Licensee shall indemnify the Licensor against all liabilities, costs, expenses, damages and losses (including and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the Licensor arising out of or in connection with the Licensee's exercise of the rights granted to it under this Agreement:

(a) the Licensee's exercise of the rights granted to it under this Agreement;

(b) the Licensee's breach or negligent performance or non-performance of this Agreement, including any product liability claim relating to the Products manufactured, supplied or put into use by the Licensee;

(c) the enforcement of this Agreement; and

(d) any claim made against the Licensor by a third party for death, personal injury or damage to property arising out of or in connection with defective Products.

7.3 An indemnity given by a Party (“the Indemnifying Party”) to the other (“the Indemnified Party”) shall not apply to any liabilities, costs, expenses, damages or losses incurred by the Indemnified Party as a result of any material breach by the Indemnified Party of any term of this Agreement, or any act of negligence or wilful misconduct by the Indemnified Party.

7.4 The Licensee shall, at its expense, carry product liability and comprehensive general liability insurance coverage of an amount adequate to support its liabilities under this Agreement. The Licensee shall ensure that such insurance policy names the Licensor as co-insured with the Licensee and remains in effect throughout the duration of this agreement and for a period of three years after termination or expiry of the Agreement, and shall supply the Licensor with a copy of such policy on request.

8. Warranties.

8.1 Each Party represents and warrants that it:

(a) is a limited company or a corporation (as applicable) duly organized and existing in the jurisdiction in which it is organized;

(b) has taken all necessary company action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and

(c) has duly executed and delivered this Agreement which, in turn, constitutes a legal, valid, binding obligation, enforceable against such Party.

8.2 Licensor represents and warrants to Licensee that (a) Licensor is appointed as the sole and exclusive promoter of the Championship (including the right to exploit the Licensed IP in order to promote and commercially exploit the Championship); (b) Licensor has as of the Effective Date and shall have at all times during the Term the sole and exclusive right to grant the rights licensed in respect of the Championship under this Agreement; and (c) the Licensor has not at the date of this Agreement received any notification that the use of the Licensed IP by Licensee as contemplated by this Agreement would infringe, violate, or otherwise misappropriate the intellectual property rights of any third party. It is expressly accepted that save for the warranties in this Section 8.2 and such warranties as may not be excluded by law, no warranties are given by the Licensor and all warranties express or implied, statutory or otherwise are excluded.

9. Governing Law; Dispute Resolution.

9.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without applying any choice of law provisions of the State of Florida or any other jurisdiction.

9.2 Each of the Parties hereby irrevocably and unconditionally consents to submit to the jurisdiction of the federal courts of the United States of America located in Miami-Dade County, Florida or, if such federal courts do not have jurisdiction, to the courts of the State of Florida located in Miami-Dade County, Florida for any litigation arising out of or relating to this Agreement and the transactions contemplated hereby, and further agrees that service of any process, summons, notice or document by U.S. certified mail to the Party's respective address set forth in this Agreement shall be effective service of process for any litigation brought against the Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the United States of America or the State of Florida, in each case located in the Miami-Dade County, Florida, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim that any such litigation brought in any such court has been brought in an inconvenient forum.

9.3 Each of the Parties irrevocably agrees and acknowledges that any judgment (whether issued by a court, arbitrator or other person or entity) which one Party may have against the other Party, and all other monetary claims which one Party may have against the other Party, may be enforced in any jurisdiction (whether in the United States, the United Kingdom or other jurisdiction) in which the Party subject to the monetary obligation has assets.

10. General Provisions.

10.1 Each Party undertakes that it shall not at any time during and within five years of the expiry or termination of this Agreement, disclose to any person any confidential information concerning the business, affairs, customers, sponsors, or suppliers of the other Party, except as permitted by Section 10.2.

10.2 Each Party may disclose the other Party's confidential information:

(a) To its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Party's obligations or rights under this Agreement provided that each Party shall procure that such persons to whom it discloses confidential information shall keep such information confidential as if were a party to this Agreement;

(b) As may be required by law, a court of competent jurisdiction or any government or regulatory authority.

10.3 No Party shall use any other Party's confidential information other than to perform its obligations under this Agreement. For the avoidance of doubt the Licensor is permitted to publicize its involvement with the Licensee and the Products.

10.4 Any notice, demand, or communication required or permitted to be given to a Party by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if (i) delivered personally, (ii) sent by facsimile or email set forth below, provided that a confirmation copy is also sent personally or by mail within 24 hours or (iii) sent by registered or certified mail, postage prepaid, addressed to the Party at the address set forth in the introductory paragraph on page 1 of this Agreement. Except as otherwise provided herein, any such notice shall be deemed to be given on the date on which the same was personally delivered, on the date on which the notice was transmitted by facsimile and/or email or, if sent by registered or certified mail, three (3) days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid. The inability to deliver any such notice because of a changed mailing address or facsimile, of which no notice was given, or because of the rejection or refusal to accept such notice, shall be deemed to be the effective receipt of the notice as of the date of such inability to deliver, rejection, or refusal to accept. Notice may be given by counsel or an agent for a Party.

10.5 No waiver of any breach of the terms of this Agreement shall be effective unless such waiver is in writing and signed by the Party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a waiver of any other or subsequent breach.

10.6 If any term, provision or section of this Agreement shall be found to be unenforceable, that term, provision, or section shall be stricken from this Agreement and shall not affect the validity or enforceability of the remaining terms, provisions and sections of this Agreement. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only as broad as enforceable.

10.7 Each Party shall execute such documents and shall give further assurances as shall be reasonably necessary or desirable to perform its obligations hereunder.

10.8 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

10.9 This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as provided herein, this Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

10.10 Except as may be expressly set forth to the contrary herein, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the Parties (and their affiliates) with respect to the subject matter hereof. This Agreement may be amended only in writing signed by the Parties.

10.11 Except as may be expressly set forth to the contrary herein, representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and the Agreement will not be construed as conferring, and is not intended to confer, any rights on any other persons or entities.

10.12 The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive any other right or remedy. The rights and remedies in this Agreement are given in addition to any other rights or remedies that the Parties may have by law, statute, ordinance or otherwise.

10.13 The headings in this Agreement are inserted for convenience and identification only and are in no way intended to define or limit the scope, extent or intents of this Agreement or any provisions herein.

10.14 The Recitals to this Agreement are hereby incorporated into this Agreement by reference.

10.15 The Parties agree that this Agreement was jointly developed and prepared and shall not be construed for or against either Party by reason of the physical preparation of this Agreement.

10.16 The Parties agree that, if a duly authorized representative of one Party signs this Agreement and transmits such Agreement to the other Party via facsimile or email transmission, and a duly authorized representative of the other Party then signs such transmission, then this Agreement shall have been validly executed by both Parties. In such case, the fully signed document and the facsimile or pdf of such document (bearing all signatures and transmitted to the Party that originally signed such document), shall be deemed original documents.

10.17 The Parties to this Agreement are not partners or joint ventures. This Agreement shall not constitute any Party the legal representative or agent of the other, nor shall any Party or any affiliate of any Party have the right or authority to assume, create or incur any liability or obligation, express or implied, against, in the name of, or on behalf of the other Party solely by virtue of this Agreement.

10.18 Licensor and Licensee shall pay their own respective legal fees incurred in negotiating and preparing this Agreement.

11. Joint Preparation/Independent Counsel.

11.1 This Agreement shall be considered, for all purposes, as having been prepared through the joint efforts of the Parties to this Agreement. No presumption shall apply in favor of or against any Party in the interpretation of this Agreement or any such other agreement or instrument, or in the resolution of any ambiguity of any provision hereof or thereof, based on the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof or thereof.

11.2 Each Party to this Agreement understands and acknowledges that each of them is entitled to and has been afforded the opportunity to consult legal and tax counsel of its choice regarding the terms, conditions and legal effects of this Agreement as well as the advisability and propriety thereof. Each Party to this Agreement further understands and acknowledges that having so consulted with legal and tax counsel of its choosing, such Party hereby waives any right to raise or rely upon the lack of representation or effective representation in any future proceedings or in connection with any future claim resulting from this Agreement.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the Effective Date.

LICENSOR:

BARC (TOCA) LIMITED

By: /s/ Alan Gow

Name: Alan Gow

Title: Chief Executive

LICENSEE:

MOTORSPORT GAMES INC.

By: /s/ Stephen Hood

Name: Stephen Hood

Title: Chief Executive Officer and President

Annex A

