

## EXCLUSIVE MASTER DISTRIBUTION AGREEMENT

This Distribution Agreement is made as of this day of 27/01, 2020.

(hereinafter, the "Agreement")

by and between:

**Innocan Pharma LTD** a company duly incorporated and validly existing under the laws of the State of Israel, with registration number 515732881, a fully owned subsidiary of Innocan Pharma Corporation a Canadian listed company (INNO:CSE) and having its offices 10 Hamanofim Sr. Herzelia, ISRAEL, (hereinafter, "InnoCan" or "the Company"); and

**Active Therapeutics Ltd** a company duly incorporated under the laws of United Kingdom, with registration number 12401296 and having its registered offices at: NJK House, Unit A, Suite 6, Blackburn, BB1 2EE, United Kingdom (hereinafter, "**Distributor**").

Each party hereto shall individually be referred to as a "**Party**" and collectively as the "**Parties**".

**WHEREAS** **Innocan** markets the Products (as defined below) and wishes to market the Products through Distributor in the Territory (as defined below) on an exclusive basis; and

**WHEREAS** Distributor has the ability, the skills, the know-how, the experience, the expertise, the required facilities, and the professional personnel, to distribute the Products in the Territory and wishes to do so, subject to the conditions herein contained; and

**WHEREAS** Distributor offered **Innocan** to enter into a Exclusive Master Distribution Agreement and **Innocan** agreed, all subject to the terms and conditions contained herein and any amendment to the agreement as shall be dully signed by the parties;

**NOW, therefore, the parties hereto have agreed as follows:**

### Preamble, Appendices and Headings

- 1.1. The preamble and appendices to this Agreement constitute an integral part thereof.
- 1.2. The headings of the various sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of the terms of this Agreement.

### **2. Definitions**

The terms detailed hereinafter shall have the following meaning in this Agreement:

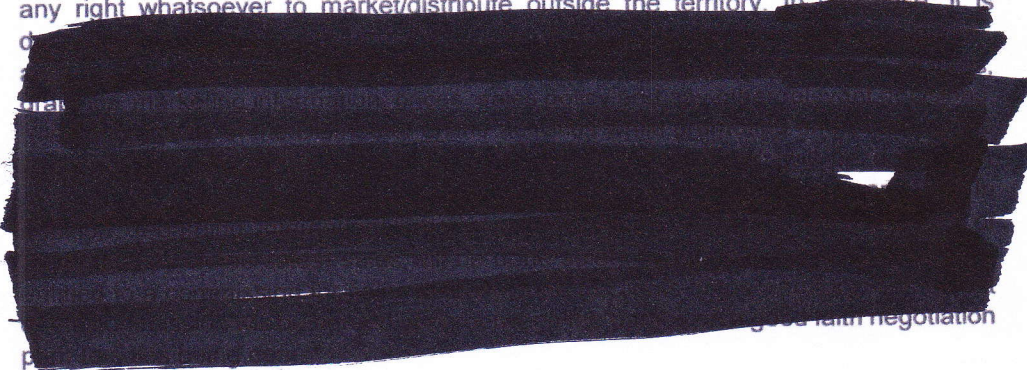
|             |   |
|-------------|---|
| "Customers" | Customers who purchase the Products from the Distributor.                             |
| "Products"  | The product listed in Exhibit A attached hereto as will be amended from time to time. |
| "Territory" | The territory of the United Kingdom & Ireland.  |

### **3. Representations and Warranties of Distributor**


Distributor represents and warrants as follows:

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- 3.1. It has the knowledge, experience and expertise required to distribute the Products in a successful and a highly professional manner.
- 3.2. It is not subject to any restriction and/or limitation, whether under agreement or law, regarding the execution of this Agreement by it and/or performing its undertakings and obligations hereunder, and that its prior, continuing or future activities or obligations are not and will not conflict with the performance of its undertakings and obligations hereunder and/or the interests of **Innocan**.
- 3.3. It holds and will maintain any necessary licenses and permits authorizing it to distribute and sell lawfully the Product in any Territory in which it sells the Product and shall at all times perform its obligations under this Agreement and conduct its business in compliance with all applicable laws and regulations and in accordance with the highest commercial standards.
- 3.4. That it has all the powers as required by law to sign this Agreement, to exercise its own rights and to comply with the obligations resulting from this Agreement, and is not a party to any contract whereby it would be prohibited from being a party to this Agreement or to consummate its undertakings thereunder.
- 3.5. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Distributor is subject or any provision of the charter or bylaws of Distributor or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Distributor is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any security interest upon any of its assets). Distributor does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.
- 3.6. If the Distributor distributes the Products through the internet, Distributor shall bear the sole responsibility, regardless if such distribution is performed within the Territory as defined herein or elsewhere, to comply with the law of all countries to which it may distribute the products. Furthermore, Distributor is hereby limited to sell the Products only where it has all necessary licenses and shall bear the sole responsibility for any breach thereof. Nothing in this section is to be construed as granting the distributor any right whatsoever to market/distribute outside the territory. In any case, it is  
  
It is aware that **Innocan** is contracting with it in this Agreement on the basis of and relying upon the above declarations and representations.
- 3.7. It is aware that **Innocan** is contracting with it in this Agreement on the basis of and relying upon the above declarations and representations.

4. Scope

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- 4.1. **Innocan** hereby appoints Distributor, and Distributor hereby agrees to act as an exclusive distributor of the Products in the Territory for the term of this Agreement. The exclusivity of the appointment will be in term only as long as the Minimum Order Quantity ("MOQ") is purchased and marketed by Distribution on a quarterly basis. As of the beginning of the third year

[REDACTED]

- 4.3 Where the Distributor shall wish to order products and/or order development of products to be marketed and sold under a white label, all such orders shall not undermine any of the commitments herein including but not limited to: White label orders shall not be considered as products ordered for the MOQ as required herein; White label revenues shall not be considered as revenues under this agreement that entitle participation of **Innocan** in marketing budget as provided in section

[REDACTED]

- 4.4 Subject as provided below (the appointment of a successor distributor) the company must not appoint another person as its distributor, agent or company in the territory.

- 4.5

[REDACTED]

5. **Distributor Undertakings**

- 5.1. Upon signing of this agreement, the Distributor undertakes and commits to take all measures at its sole expense required for obtaining necessary permits, registrations and any further tests for allowing legal sale of the products in the territory. All such actions and estimated costs shall be listed herein in **Exhibit A1**. Distributor shall use its best efforts to promote and sell the Products to the maximum number of responsible Customers in the Territory.

Exhibit A shall further list all Distributors actions and budget dedicated for launching the brand and products in the territory. All such actions shall be at the sole expense of the Distributor as provided therein.

- 5.2. Distributor shall comply, at its own expense, with the applicable laws and regulations and with all governmental approvals, licenses, permits and authorizations necessary for the performance of Distributor's undertakings hereunder and for the importing and distribution of the Products. Distributor agrees to conduct its business in a manner that favourably reflects upon the Products and the Company.

It is agreed that all registration files for Company Products, distributed by Distributor, regardless to the identity of party covering the cost of preparing, filing and registering them, will be on the name of the Company and in the ownership of the Company. In case of termination of the Agreement, the full and sole ownership of registration filed on Company Products will be the Company's.

- 5.3. Distributor shall not solicit orders from any prospective purchaser with its principal place of business located outside the Territory. If Distributor receives any order from a prospective purchaser whose principal place of business is located outside the Territory, Distributor shall immediately refer that order to **Innocan** and shall neither accept any such order, nor ship any Product outside of the Territory without obtaining prior written consent from **Innocan**.

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[Signature]

- 5.4. Distributor shall employ competent and experienced sales and support personnel so as to render prompt and adequate service to the users of the Products in the Territory.
- 5.5. Distributor shall prepare, at its own expense, all user and technical manuals and advertising and marketing information and provide **Innocan** with advance copies of all such materials subject to and with the sole approval of the **Innocan**. All such pre-approved technical and marketing material prepared by the Distributor shall be exclusively at the disposal of the Distributor. Where such material shall consist of translations of **Innocan** material, upon termination of exclusivity according to this agreement, **Innocan** shall have all rights to such material for the purpose of its own use at its sole discretion.
- 5.6. In the event that **Innocan** is required under the applicable law in the Territory to obtain any license and or permits the Distributor will: (i) assist **Innocan** to obtain such license and/or permit; (ii) provide **Innocan** with all necessary information with respect thereto; (iii) will comply with all the terms and conditions of such license and permits ; (iv) will comply with such decrees, statutes, rules and regulations of the government of the Territory; and (v) maintain the necessary records to comply with such decrees, statutes, rules and regulations and or license and permits requirements;
- 5.7. Distributor will indemnify and hold harmless **Innocan** from any and all fines, damages, losses, costs and expenses (including reasonably attorneys' fees) incurred by **Innocan** as a result of any breach of subsection 5.6 (iii-v) by Distributor.
- 5.8. Distributor may not customize, modify or have customized or modified any Product unless it obtains the prior written consent of **Innocan**, which consent may be withheld in the sole discretion of **Innocan**.
- 5.9. Other than as expressly set forth under this Agreement, no other rights are granted to Distributor in connection with the Products or otherwise. Without derogating from the generality of the foregoing, the Distributor shall not: (i) reverse engineer, disassemble, decompile, modify, translate, or alter the Product/s, or any part thereof, or attempt to reconstruct or discover any formulas of the Products or any portion thereof by any means whatsoever; (ii) use the Products for any purpose other than the purposes of this Agreement; (iii) copy the Product/s, develop any derivative works, improvements or modifications thereof or include any portion of the Products in other products; (iv) assign, sublicense, transfer, lease or share the rights granted under this Agreement (use of independent professional contractors for the sake of promotion of the products shall be permitted under this agreement); (v) make any representations concerning **Innocan** or the Products that exceed or are inconsistent with the marketing (including pricing materials) or other materials, provided to Distributor by **Innocan** or that are otherwise misleading and/or inaccurate; or (vi) bind **Innocan** to any undertaking or performance, including without limitation, with respect to the Product/s. In the event Distributor obtains knowledge that a third party is attempting or may attempt to take any of the foregoing actions prohibited by this section, Distributor shall so notify **Innocan** immediately and shall cooperate and provide full information and assistance to **Innocan** and its counsel in connection with any such action, or proceeding or other measures.

## 6. Innocan Undertakings

- 6.1. **Innocan**, or its contracted manufacturer of the Products, has the experience, expertise and facilities to produce the Products.
- 6.2. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Company is subject or any

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provision of the charter or bylaws of the Company or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Company is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any security interest upon any of its assets). the Company does not need to obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

- 6.3. **Innocan** shall provide Distributor with such marketing and technical assistance as **Innocan** may in its discretion consider necessary to assist with the promotion of the Products. Furthermore, any graphics and materials are subject to **Innocan** prior approval in writing. **Innocan** shall permit the distributor to use **Innocan** Graphics and use of the internet site of the Company and rights to use a domain according to need. **Innocan's** relevant personal will participate in at least one professional exhibition a year.
- 6.4. **Innocan** reserves the right, upon consultation with Distributor, to expand or reduce the Products listed in Exhibit A which are covered by this Agreement with a 30-day prior notice, whether for the purpose of compliance with regulatory requirements or for the purpose of enhancing mutual revenues for both parties of this agreement or for any other reason.
- 6.5. **Innocan** shall manufacture, or subcontract the manufacturing to, GMP (Good Manufacturing Practice)-authorized production facilities.
- 6.6. All regulated **Innocan** cosmetic products to be distributed by the Distributor shall bear EU CPNP (European Union Cosmetics Product Notification Portal) registration or other relevant registration. Where the regulation in the territory shall require further statements from **Innocan** regarding compounds and/or origin for distribution permits, such shall be provided by **Innocan** to the limit possible. Where the local regulation shall require further regulation the Distributor shall inform **Innocan** ASAP and all sales of the relevant product by the Distributor shall be postponed until compliance is met. In no case may the Distributor sell products that are not compatible with local regulation.
- 6.7. **Innocan** hereby commits that all CBD contained in the Products is sourced from Hemp strains authorized in the EU and that comply with United Kingdom rules and regulations, and extracted from the parts of the plant authorized in the Territory.
- 6.8. **Innocan** hereby commits that it shall act to any commercially reasonable extent possible to have Products produced, and supplied at the shortest time frame possible. **Innocan** shall deliver products with its original packaging including all required labelling for distribution in the Territory. Packaging design and standards shall be at the sole discretion of **Innocan**.
- 6.9. **Innocan** products shall comply with all rules and regulation regarding production and manufacturing within the EU.
- 6.10. All orders received at **Innocan** from the Territory, or from a party with the intent to distribute in the Territory, as defined herein, shall be referred to the Distributor.
- 6.11. Where the Distributor shall require further licensing that may require cooperation and adjustments of any type, **Innocan** shall take any reasonable measure in order to assist the Distributor to obtain the necessary licensing.
- 6.12. Attached to this agreement Exhibit A, shall state the list of products and all components thereof. All updates to product list and/or component list shall be forwarded to the Distributor ASAP.

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- 6.13. Both parties are aware that the other party is entering this Agreement on the basis of and relying upon both parties declarations and representations.

## 7. Marketing Plan

- 7.1. At the end of each calendar year (by November 05<sup>th</sup> each year, the Distributor will submit an annual marketing plan (including projected financial budget) for the coming year, to the approval of **Innocan**, which will be approved by Dec 5<sup>th</sup> each year. **Innocan** shall provide all necessary support, so such marketing plan complies fully with **Innocan** marketing efforts worldwide. The launching and marketing plan for the first year of this agreement shall be provided herein as defined in **Exhibit A** above.

As of the first year and throughout the

- 7.2. For all following years (second year and on), the distributor shall submit in marketing and sales of **Innocan** products [REDACTED] received by the Distributor in the previous year (not the same year) from sales of **Innocan** products.
- 7.3. **Innocan** will provide all data and information for support of the marketing efforts, including graphic data and brand guidelines.
- 7.4. The Distributor shall assume responsibility for all hard copy and electronic media marketing materials, their production and distribution to customers, all subject to **Innocan** prior written approval.
- 7.5. All samples intended for marketing shall be provided at cost price and shall not exceed 5ML per Sample.

## 8. Order and Delivery Procedures

- 8.1. Distributor shall purchase and market [REDACTED] on a quarterly basis, at least the Minimum Order Quantity [REDACTED] ("MOQ"), in accordance with the quarterly forecast specified in Exhibit B (the "Quarterly Forecast").
- 8.2. No deviation right for Quarterly or annual Forecast shall be applicable without mutual prior written agreement between the parties herein. The Distributor shall retain the right to increase quantities beyond minimum listed in Exhibit B. the MOQ should be agreed upon in a timely basis in writing.
- 8.3. Distributor shall order Products from **Innocan** by submitting a written purchase order identifying the Products ordered and requested delivery date(s). All orders for Products are subject to written acceptance by **Innocan**. Such orders shall be considered regarding availability, delivery time and terms of payment. **Innocan** shall have no liability to Distributor with respect to purchase orders which are not accepted; provided, however, that **Innocan** will not unreasonably reject any purchase order for Products.
- 8.4. In the event of any discrepancy between any purchase order accepted by **Innocan** and this Agreement, the terms of this Agreement shall govern and prevail.
- 8.5. Unless the Parties agree in writing otherwise, all Products ordered by Distributor shall be packed for shipment and storage in accordance to **Innocan's** Manufacturer's standard commercial practices. All Products will be packaged and sterilized with the QA mark. **Innocan's** Manufacturer or **Innocan** logistics manager shall deliver

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Products into the possession of a common carrier designated by Distributor, no later than the date specified for such delivery on the relevant approved by Innocan purchase order for such Products and no earlier than the date three (3) days prior to such specified date. Risk of loss and damage to a Product shall pass to Distributor upon the delivery of such Product to the common carrier designated by Distributor. All claims for non-conforming shipments must be made in writing to Innocan's Manufacturer within fifteen (15) days of the passing of risk of loss and damage, as described above. Any claims not made within such period shall be deemed waived and released. The sole remedy for non-conforming shipments and/or damaged products will be the replacement of such Product by Innocan at no additional cost to the Distributor. Non-conforming shipment referred to above shall mean shipment that does not comply with order as placed with Innocan.

9. Prices and Payment terms

- 9.1. The prices of the Products are specified in **Exhibit C**. Throughout the term of this agreement, where it shall be extended beyond the initial 12 months, **Innocan** may update the prices from time to time by providing the Distributor with at least [REDACTED] prior notice.
- 9.2. Where this agreement shall be extended further, the prices shall be mutually agreed upon and updated according to the **Innocan** distributor price list relevant at that time.
- 9.3. The first order, for the total sum [REDACTED] by Distributor simultaneously while signing this agreement.
- 9.4. The Distributor shall pay for the Product in two equal instalments: [REDACTED] in days of the approval of [REDACTED] prior to delivery of each purchase order. All such amounts shall be paid by wire transfer, to such bank or account as **Innocan** may from time to time designate in writing. Whenever any amount hereunder is due on a day which is not a day on which **Innocan's** bank is open for business (a "Business Day"), such amount shall be paid on the next such Business Day. Amounts hereunder shall be considered to be paid as of the day on which funds are received by **Innocan's** bank.
- 9.5. All payments will be made against a proper tax receipt. VAT accordance with the applicable laws will be added by Distributor to each payment.
- 9.6. No part of any amount payable to **Innocan** hereunder may be reduced due to any counterclaim, set-off, adjustment or other right which Distributor might have against **Innocan**, any other party or otherwise.
- 9.7. All amounts due and owing to **Innocan** hereunder but not paid by Distributor on the due date thereof shall bear interest at the rate of the lesser of: (i) three per cent (3%) per annum above the then applicable Euribor 6 months rates published by the European Money Markets Institute all up to the maximum lawful interest rate permitted under applicable law. Such interest shall accrue on the balance of unpaid amounts from time to time outstanding from the date on which portions of such amounts become due and owing until payment thereof in full.
- 9.8. Taxes, now or hereafter imposed with respect to the transactions contemplated hereunder (with the exception of export taxes, income taxes or other taxes imposed upon **Innocan** and measured by the gross or net income of **Innocan**) shall be the responsibility of the Distributor, and if paid or required to be paid by **Innocan**, the amount thereof shall be added to and become a part of the amounts payable by Distributor hereunder.
- 9.9. [REDACTED] discounts or sales [REDACTED] will be coordinated [REDACTED]

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[Signature]

10. **Reporting**

- 10.1. Distributor shall provide **Innocan** with written quarterly reports, which shall include, production planning for Distributor's primary Customers in the Territory, market forecasts and other reports reasonably requested by **Innocan**, including without limitation reports required for regulatory purposes, and/or for production forecasting required by **Innocan**.

11. **Trademarks and Trade Names**

- 11.1. **Innocan** owns and shall retain all rights, including any Intellectual Property Rights ("Intellectual Property" means without diminishing of the generality of the term, any patents, patent applications, design-marks, trademarks, trademark applications, service-marks, service-mark applications, copyrights, moral rights, trade secrets, know-how, business methods or any other intellectual property rights in any relevant jurisdiction whether or not registered) in and to the Products, including any derivatives, updates, enhancements, modifications or improvements made thereto. As between the parties, Distributor acknowledges **Innocan's** exclusive ownership rights in the Products and further acknowledges that the Products are unique and original to **Innocan**. In the course of the collaboration between the parties, Distributor, Customers may make suggestions concerning the Products or technologies relating to the Products, it being understood and agreed that **Innocan** would own all such subject matter. Accordingly, Distributor hereby assigns to **Innocan** all of its right, title and interest in all suggestions, ideas, inventions or other subject matter relating to the Products or any portion thereof disclosed by Distributor and/or any third Party and all Intellectual Property rights therein. **Innocan** reserves all rights not expressly granted hereunder.
- 11.2. Distributor may use **Innocan's** trademarks trade names listed in **Exhibit D** attached hereto (hereinafter referred to as the "Trademarks") on a non-exclusive basis in the Territory only for the duration of this Agreement and solely for display or advertising purposes in connection with selling and distributing the Products in accordance with this Agreement. Distributor's rights to use the Trademarks according to this Agreement are not and shall not be transferable or divisible.
- 11.3. In order to comply with **Innocan's** quality control standards, Distributor shall: (i) use the Trademarks in compliance with all relevant laws and regulations; (ii) accord **Innocan** the right to inspect during normal business hours, without prior advance notice, Distributor's facilities used in connection with efforts to sell the Products in order to confirm that Distributor's use of such Trademarks is in compliance with this Section; and (iii) not modify any of the Trademarks in any way and not use any of the Trademarks on or in connection with any goods or services other than the Products.
- 11.4. Distributor will notify **Innocan** of any unauthorized or infringing use of **Innocan's** Trademarks in the Territory and will assist **Innocan** in enforcing its rights in respect to such infringement or unauthorized use.
- 11.5. Upon any termination or expiration of this Agreement, Distributor shall retain the right to conclude uncompleted business within 180 days (the "Run-Off Period"), and the parties shall act in good will in order to complete any outstanding orders as may be the case within the Run-Off Period.

12. **Limited Warranty**

- 12.1. Distributor acknowledges that all **Innocan** products shall bear insurance as customary in the market. Such coverage provided by **Innocan** shall only be valid for the length of time that such warranty remains valid for **Innocan** itself. Notwithstanding any other provision in this Agreement, quality of the products as delivered to the carrier shall be insured by **Innocan**.

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- 12.2. THE PROVISIONS OF THE FOREGOING WARRANTIES ARE IN LIEU OF ANY OTHER WARRANTY, WHETHER EXPRESSED OR IMPLIED, WRITTEN OR ORAL (INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).
- 12.3. TO THE EXTENT PERMITTED BY APPLICABLE LAW, **Innocan** DISCLAIMS ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE. THE PROVISIONS OF THIS SECTION 12 SET FORTH INNOCAN'S SOLE AND EXCLUSIVE OBLIGATIONS, AND DISTRIBUTOR'S SOLE AND EXCLUSIVE REMEDIES.
- 12.4. To avoid doubt, Innocan warranty is limited to what will be covered by the product liability insurance policy and/or limited to the extent of replacing damaged Products by proper ones with no additional cost.

13. **Limitations on Liability**

IN NO EVENT SHALL INNOCAN BE LIABLE TO DISTRIBUTOR OR ANY OTHER PERSON OR ENTITY FOR ANY INDIRECT, INCIDENTAL, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, INCLUDING WITHOUT LIMITATION, LOSS OF USE, PROFITS, GOODWILL OR SAVINGS, OR LOSS OF DATA, DATA FILES OR PROGRAMS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. IN ANY EVENT INNOCAN'S LIABILITY UNDER OR FOR BREACH OF THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE CONSIDERATIONS ACTUALLY RECEIVED BY INNOCAN FROM DISTRIBUTOR'S ACTIVITIES HEREUNDER DURING THE 12 MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE LIABILITY.

14. **Indemnification; Insurance**

- 14.1. Distributor hereby agrees to indemnify, defend and hold harmless **Innocan**, its affiliates and all officers, directors, employees and agents thereof (hereinafter referred to as "Indemnitees") from all liabilities, claims, damages, losses, costs, expenses, demands, suits and actions (including without limitation attorneys' fees, expenses and settlement costs) (collectively, "Damages") arising out of or related to the conduct of Distributor's operations, including without limitation Damages arising out of or related to damage or injury to property or persons, or to any representations of Distributor not authorized hereunder.
- 14.2. During the term of this Agreement and until the Products' expiration date, Distributor shall maintain an insurance policy issued by a reputable insurance company, naming **Innocan** products as insured, in which policy shall insure against an and all claims, liabilities, costs or expenses resulting from or caused by (or claimed to be resulting from or caused by) any use or operation of any Products sold by Distributor.
- 14.3. During the term of this Agreement and until the Products' expiration date, **Innocan** shall maintain an insurance policy issued by a reputable insurance company, insuring the Products against any and all claims, liabilities, costs or expenses resulting from or caused by (or claimed to be resulting from or caused by) the Products sold to the Distributor.

15. **Term**

- 15.1. This agreement shall be in effect for a period of [REDACTED] months, commencing as of January [REDACTED] ending December [REDACTED] after which period shall be automatically extended by additional periods of [REDACTED] months.

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15.2 Automatic extension of periods is subject to minimum Product purchased in the sum of [REDACTED] (prior to any tax) and growth of no less than [REDACTED] purchase from one year to the other, from the second year on.

In case the first year MOQ will be above [REDACTED] but less than [REDACTED] Innocan will consider, on its own consideration, extension of the agreement term, in good will and based on Distributors marketing efforts.

15.3. Notwithstanding the above, the parties herein reserve the right to terminate this Agreement at any time for any reason at its sole discretion, subject to providing the other party with a prior [REDACTED] period.

## 16. Termination

16.1. Without derogating from the provisions of Sections 5.2 and 15.2 above:

16.2. This Agreement may be terminated by either party upon notice with immediate effect in the event that Distributor breaches any of the material terms or conditions hereof.

16.3. This Agreement may be terminated by either party upon fourteen (14) days written notice in the event of breaches of any other terms or conditions hereof and fails to rectify such breach during the said notice period.

16.4. This Agreement may be terminated by either party upon written notice with immediate effect upon the occurrence of any one or more of the following events:

16.4.1 a receiver is appointed for one of the parties or its property;

16.4.2 either one of the parties becomes insolvent and/or ceases and/or is unable to pay its debts as they become due, or makes an assignment for the benefit of creditors;

16.4.3 Any proceedings are commenced by or for any one of the parties under any bankruptcy, insolvency or debtors' relief law;

16.4.4 Any proceedings are commenced against either one of the parties under any bankruptcy insolvency or debtor's relief law, and such proceedings have not been vacated or set aside within thirty (30) days from the date of commencement thereof;

16.4.5 Either party commences to dissolve under applicable corporate law statutes.

16.5 In case Innocan is sold to a third party during the first three years after execution of this agreement, Innocan (or it's new owner) will be entitled to decide between the following:

16.5.1 Continuing this agreement in the same terms;

16.5.2 Terminating the agreement while compensating Distributor in the sum of its profits from selling of products in the last year.

## 17. Effects of Termination

17.1. Immediately upon expiration or termination hereof for any reason:

17.1.1. Distributor shall pay **Innocan** all outstanding consideration payable to **Innocan**.

17.1.2 Distributor shall cease to act as a distributor of **Innocan's** Products.

17.1.3 Unfinished business shall be concluded as provided in Section 11.5 above.

17.1.4 After the agreed Run-off Period, if not otherwise agreed with Innocan, Distributor will destroy all Products, marketing materials held by him and will stop, in any way, to use all Innocan IP, including any marketing, any distribution, any sales materials, offline and online. Distribution will transfer to Innocan all title and ownership on any of Innocan's Product registration files, registered IP (if existed in Distributor

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belongings) and any other assets and possession held by Distributor including trademarks, designs, domain names, internet sites etc.

**18. Publicity**

18.1. Distributor agrees that any publicity or advertising which shall be released by it in which **Innocan** is identified in connection with the Products shall be in accordance with the terms of this Agreement and with any information or data which **Innocan** has furnished in connection with this Agreement. Copies of all such publicity and advertising shall be forwarded promptly to **Innocan** for its written approval prior to their publication.

**19. Relationship of the Parties**

19.1. Distributor is an independent contractor, acting on its own account, and it, nor anyone on its behalf, is in no way the legal representatives or agent of **Innocan** for any purpose whatsoever and has no right or authority to assume or create any obligation of any kind expressed or implied in the name of or on behalf of **Innocan**, without the prior written consent of **Innocan**.

19.2. Distributor, nor anyone on its behalf, shall in no event be considered **Innocan's** employee, and Distributor shall indemnify and hold harmless **Innocan** from and against any and all claims, losses, damages, liabilities and other obligations, including interest, penalties and attorney's fees arising from or related to any employee-employer relationship between **Innocan** and Distributor or anyone on its behalf.

**20. Non Assignment**

20.1. This Agreement is personal to Distributor and may not be assigned or transferred to any person or entity without the prior written consent of **Innocan** which may be withheld for any reason at **Innocan's** sole discretion.

**21. Confidentiality**

21.1. The parties hereby undertake to maintain full confidentiality with respect to all information of whatever kind, in oral, written, electronic or any other form, relating to the activities, Products and business of the other, or according to this agreement (hereinafter, the "Information") and not to disclose and/or transfer the Information to others, directly or indirectly, in any way whatsoever, except to the extent required by law to do so.

21.2. The parties agree to take such measures to protect such Information, as it would reasonably be expected to take to protect its own confidential information.

21.3. The above confidentiality obligation will survive the expiration and termination of this Agreement for whatsoever reason, and shall continue to bind the parties as long as the Information does not enter the public domain (through no fault of Distributor).

21.4. Where either of the parties may require a due diligence process and or any other process that may require exposure of confidential information, any party that may be exposed to such information must be subjected to an enforceable NDA.

**22. Law and Jurisdiction**

Each of the parties to this Agreement irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or to settle any disputes, which may arise out of or in connection

27/01/2020



with this Agreement or its formation or validity and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England and Wales.

**23. General Provisions**

No Party shall have any set off right against the other Party.

Any conduct by any of the Parties to this Agreement shall not be deemed a waiver of any of its rights pursuant hereto or by law, and/or as a waiver or consent on its part to any breach or failure to fulfil any condition, unless such a waiver or consent has been expressly made in writing.

In the event that a party should waive any right accorded thereto pursuant to the provisions of this Agreement in a specific instance, this shall not be construed as a precedent or waiver, as the case may be, in any other instance

This Agreement represents the entire agreement between the parties with respect to the subject matter hereof and replaces and supersedes any and all prior or contemporaneous agreements or understandings, written, oral or otherwise with respect to the subject matter hereof.

Any alteration of and/or addendum to this Agreement or any of its appendixes shall not be valid and/or enforceable unless drawn up in writing and signed by both Parties to this Agreement.

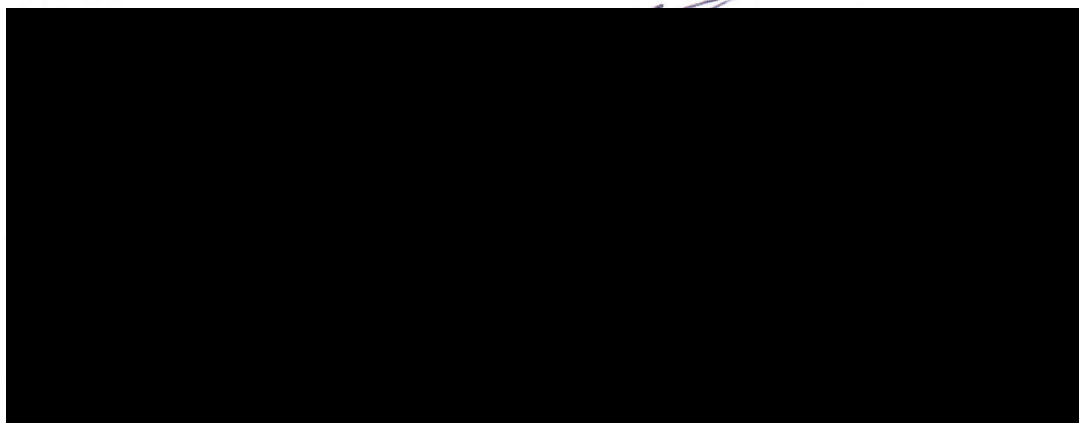
The parties, will be able to amend any article of this agreement and/or delete or add any article to this agreement by mutual consent in writing.


**24. Addresses and Notices**

24.1. For the purposes of this Agreement, the Parties state their addresses as specified in the preamble to this Agreement above.

24.2. Any notice sent by any one of the parties to the other at the addresses set forth above, or to any other address as notified by a party to the other in writing, shall be deemed to have been received seven days after having been handed in for delivery by registered mail, or on the first business days after it was sent by email, if sent by email, or on the day of delivery - if delivered by hand.

And in witness thereto the Parties have signed:



27/01/2020  


**Exhibit A – List of Products**

1. List of dermal products

| Product name | Type       | Volume (ml) | CBD content |
|--------------|------------|-------------|-------------|
| [REDACTED]   | [REDACTED] | [REDACTED]  | [REDACTED]  |
| [REDACTED]   | [REDACTED] | [REDACTED]  | [REDACTED]  |
| [REDACTED]   | [REDACTED] | [REDACTED]  | [REDACTED]  |

- 2. Product data attached
- 3. Safety assessment attached
- 4. CPNP registration attached

27/01/2020  
[Signature]

Exhibit B – Minimum Orders and Quarterly Forecast

This Exhibit shall be subject to adjustment according to performance during the [REDACTED] month period.

Given the above, the parties hereby expect and shall intend to uphold the following minimum quantities:

- The annual quantity for the second year of this agreement shall be no less than [REDACTED] units.
- Product breakdown shall be no less than [REDACTED] within given order.

27/01/2021  
[Signature]

**Exhibit C - Trademarks**

**This Exhibit shall be subject to adjustment according to submission or approval of any further registration:**

Innocan

Innocan logo attached hereto.

Product names as marked below:

|  |
|--|
|  |
|  |
|  |
|  |
|  |

(Shall be submitted for registration during term of this agreement)

2/10/2020  
