

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is dated as of 9th day of February 2021 (the “**Effective Date**”).

BETWEEN:

NAKNIK NAHARIYA KASHER SOGLOWEK LTD., a corporation incorporated under the laws of Israel (the “**Vendor**”)

- and -

ZOGLO’S INCREDIBLE FOOD INC. a corporation incorporated and existing under the laws of the Province of Ontario (the “**Purchaser**”)

WHEREAS:

- A. The Vendor and the Purchaser entered into an Option Agreement dated as of the 9th day of February 2021 (the “**Option Agreement**”).
- B. Pursuant to the terms and conditions of the Option Agreement, the Vendor granted to the Purchaser an option to purchase the Zoglos Assets (as defined below) (the “**Option**”).
- C. Pursuant to Section 2.3 of the Option Agreement, the Purchaser delivered a written notice of its intention to exercise the Option.
- D. The Vendor wishes to sell, and the Purchaser wishes to purchase, the Zoglos Assets on the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

- 1.1 **Definitions.** Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:
 - (a) “**Agreement**” means this Asset Purchase Agreement and the Option Agreement (where referenced), including all schedules and attachments hereto.
 - (b) “**Business Day**” means with respect to Purchaser, any day other than a Saturday or Sunday or any other day on which the principal commercial banks located in the City of Toronto are not open for business during normal banking hours, and with respect to Vendor, any day other than a Friday, Saturday or Sunday or any other day on which the principal commercial banks located in Israel are not open for business during normal banking hours.
 - (c) “**Closing**” means the completion of the transaction of purchase and sale contemplated in this Agreement, which shall not arise until delivery of the Purchase Price in full to the Vendor, in addition to the other deliveries outlined in section 5.1 .

- (d) **"Closing Date"** means the date of this Agreement or such later date as agreed to in writing by the parties hereto.
- (e) **"Encumbrances"** means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, encroachment, servitude, restriction on use, any matter capable of registration against title, option, right of first offer or refusal or similar right, restriction on use), right of pre-emption or privilege or any agreement to create any of the foregoing.
- (f) **"Intellectual Property"** is defined in the Option Agreement
- (g) **"Zoglos Assets"** is defined in the Option Agreement.
- (h) **"Zoglos Products"** is defined in the Option Agreement.

1.2 **Interpretation.**

- (a) **Gender and Number:** In this Agreement, unless the context requires otherwise, words in one gender or the neuter include all genders and the neuter and words in the singular include the plural and *vice versa*.
- (b) **Headings and Table of Contents:** The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- (c) **Section References:** Unless the context requires otherwise, references in this Agreement to Articles, Sections, Exhibits or Schedules are to Articles, Sections, Exhibits or Schedules of this Agreement.
- (d) **Words of Inclusion:** Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list.
- (e) **References to this Agreement:** The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions shall be construed as referring to this Agreement.
- (f) **Document References:** All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

ARTICLE 2 **PURCHASE AND SALE**

- 2.1 **Purchase of Zoglos Assets.** Upon the terms and subject to the conditions set forth in this Agreement, the Purchaser agrees to purchase from the Vendor and the Vendor agrees to sell to the Purchaser the Zoglos Assets on the Closing Date, free and clear of all encumbrances and with all rights and benefits attaching, and with good and marketable title thereto. To the extent that the Zoglos Assets are protected by copyright, the Vendor hereby unconditionally waives any moral rights that the Vendor may have in the Zoglos Assets.

- 2.2 **Purchase Price.** The purchase price payable by the Purchaser to the Vendor for the Zoglos Assets shall be CAD\$5,000,000.00 plus all applicable taxes (the "**Purchase Price**"). The Vendor and the Purchaser agree that the Purchase Price shall be allocated among the Zoglos Assets as agreed to by the Vendor and the Purchaser in writing. The Purchaser and the Vendor agree to execute and file their tax returns and prepare all of their own financial statements and other instruments on the basis of the agreed allocation.
- 2.3 **Payment of Purchase Price.**
- (a) CAD\$2,000,000.00 of the Purchase Price shall be paid and satisfied by the Purchaser certified cheque, bank transfer or, by wire transfer of immediately available funds on the Closing Date or in such other form as the Purchaser may accept; and
 - (b) CAD\$3,000,000.00 of the Purchase Price shall be satisfied by the issuance by the Purchaser to the Vendor of a non interest-bearing promissory note (the "**Note**") in which shall be in a form acceptable to the Vendor and the Purchaser, acting reasonably. The Note shall be shall paid by the Purchaser in equal installments of CAD\$500,000.00, every 6 months until the principal amount is paid in full, provided that the Purchaser shall be entitled to prepay up to the full principal amount without penalty. The Note shall be secured by a security agreement over the Zoglos Assets (the "**Security Agreement**"), granted by the Purchaser in favour of the Vendor, which shall be in a form acceptable to the Vendor and the Purchaser, acting reasonably.
- 2.4 **Transfer Taxes.** The Purchaser shall be liable for and shall pay all Canadian federal and provincial sales taxes (including any retail sales taxes and harmonized sales taxes) and **all** other similar taxes, duties, fees or other like charges of any jurisdiction properly payable in connection with the transfer of the Zoglos Assets by the Vendor to the Purchaser, other than income taxes payable by the Vendor. Vendor shall give Purchaser advance notice of any excise or sales taxes applicable with respect to the transfer of the Zoglos Assets
- 2.5 **Withholding Taxes.** Notwithstanding anything in this Agreement to the contrary, the Purchaser shall be permitted to deduct and withhold from any amounts payable pursuant to this Agreement on account of the purchase by the Purchaser of the Zoglos Assets, such amounts as the Purchaser is required to deduct and withhold with respect to the making of such payment under applicable laws. In the event that the Purchaser determines that any such deduction or withholding is required to be made, the Purchaser and the Vendor shall consult with each other in good faith regarding such determination and cooperate to seek to reduce such potential withholding, including through accepting any valid and relevant form establishing an entitlement to reduce withholding. To the extent that such amounts are so withheld and timely remitted to the applicable governmental authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Vendor.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

- 3.1 **Representations and Warranties of the Vendor.** The Vendor represents and warrants to the Purchaser as follows:
- (a) the Vendor is a corporation duly organized, validly existing and in good standing under the of laws of its jurisdiction of incorporation and has all necessary corporate power, authority and capacity to own or lease the Zoglos Assets and to sell the Zoglos Products in any country it currently sells same;

- (b) the Vendor has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. This Agreement and each of the agreements, contracts and instruments required by this Agreement to be delivered by the Vendor have been duly authorized, executed and delivered by the Vendor and each is a legal, valid and binding obligation of the Vendor, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally, and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. All corporate proceedings and approvals on the part of the Vendor and its shareholders that are necessary to authorize this Agreement and each of the agreements, documents and instruments contemplated hereby, and to carry out all of the Vendor's obligations hereunder have been obtained;
- (c) none of the execution and delivery of this Agreement, the performance of the Vendor's obligations under this Agreement, or the completion of the transactions contemplated by this Agreement will (with or without the giving of notice or lapse of time, or both): (i) result in or constitute a breach of any term or provision of, or constitute a default under the constating documents or corporate proceedings of the Vendor, (ii) result in the creation or imposition of any Encumbrance on the Zoglos Assets; (iii) contravene any applicable law; or (iv) contravene any judgment, order, writ, injunction or decree of any governmental authority;
- (d) there is no requirement to obtain any consent, approval or waiver of a party under any contract to which the Vendor is a party, in order to complete the transactions contemplated by this Agreement;
- (e) the Vendor is the legal and beneficial owner of record of the Zoglos Assets, with good and marketable title thereto, free and clear of all Encumbrances any kind. No person other than the Purchaser has any contract or agreement of any kind, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a contract or agreement, for the purchase or acquisition from the Vendor of any of the Zoglos Assets;
- (f) except for the Option Agreement, the Vendor is not a party to, or bound or affected by, any contract containing any covenant expressly limiting its ability to transfer sell or otherwise dispose of the Zoglos Assets;
- (g) to the knowledge of the Vendor, the Zoglos Assets include all of the Intellectual Property necessary for the Purchaser to manufacture, distribute and sell the Zoglos Products in any territory where the Vendor currently sells the Zoglos Products;
- (h) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor) pending or to Vendor's knowledge threatened against the Vendor affecting the Zoglos Assets;
- (i) the Vendor has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any petition for a bankruptcy order filed against it, has not taken any proceeding and no proceeding has been taken to have a receiver appointed over any of its assets, has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property and assets;
- (j) other than post-Closing filings and registrations in respect of the transfer of patent or trademark registrations or applications, no authorization, approval, order, consent of, or filing with, any governmental authority is required on the part of the Vendor in connection

with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement; and

- (k) all necessary legal steps have been taken by the Vendor to preserve its rights to the trademarks listed in Schedule 1.1(d) of the Option Agreement; to the knowledge of Vendor, the Intellectual Property is owned by the Vendor free and clear of any Encumbrances of any kind, no person other than the Vendor has any right to use that Intellectual Property, and no person has claimed any right to use that Intellectual Property;
- (l) to the knowledge of the Vendor, neither the use by the Vendor of the Zoglos Assets nor the sale, production or marketing of the Zoglos Products infringes any Intellectual Property rights or other proprietary rights of any person;
- (m) to the knowledge of the Vendor, based on the information available to the Vendor as of the Closing Date, the sales figures outlined in schedule 5.1(b)(iv) to this Agreement are materially accurate.

3.2 **Representations and Warranties of the Purchaser.** The Purchaser represents and warrants to the Vendor as follows:

- (a) the Purchaser is a corporation duly incorporated and organized and validly subsisting under the laws of the Province of Ontario;
- (b) the Purchaser has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. This Agreement and each of the agreements, contracts and instruments required by this Agreement to be delivered by the Purchaser have been duly authorized, executed and delivered by the Purchaser and each is a legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally, and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. **All** corporate proceedings and approvals on the part of the Purchaser or its shareholders that are necessary to authorize this Agreement and each of the agreements, documents and instruments contemplated hereby have been obtained by the Purchaser; and
- (c) the entering into and performance of this Agreement and the agreements and other instruments contemplated herein will not violate, contravene, breach or offend against or result in any default under any security agreement, indenture, mortgage, lease, order, undertaking, licence, permit, agreement, instrument, charter or by-law provision, resolution of shareholders or directors, statute, regulation, judgment, decree or law to which the Purchaser is a party or by which the Purchaser may be bound or affected.

ARTICLE 4 **IP DETAILS**

4.1 **License.** INTENTIONALLY DELETED

4.2 **Intellectual Property Protection.**

Subsequent to the Closing Date, the Vendor shall not manufacture, market, sell, distribute, sub-license, import, export or otherwise deal in respect of any product carrying the Marks other than the Zoglos Products

- (a) The Vendor shall not be permitted to sell any products bearing the Marks to any person after the Closing Date, except as directed by Purchaser.
- (b) The parties hereto acknowledge and agree that the Vendor shall not, after execution of this Agreement, apply for or obtain any intellectual property registrations in Israel, Canada, the United States of America, or any other country or jurisdiction in respect of the Zoglos Assets or Zoglos Products.
- (c) The parties hereto acknowledge and agree that should the Vendor apply for or obtain intellectual property rights in respect of the Zoglos Products, the Vendor shall, at its own cost, promptly assign all such intellectual property rights to the Purchaser, without limiting any other rights or remedies of the Purchaser under this Agreement.
- (d) Immediately after Closing, the Vendor shall assign all IP registrations (listed in Schedule 1.1(d) of the Option Agreement) to Purchaser on a timely basis, and shall cooperate with any steps necessary to ensure the assignment of same, at the expense of Purchaser.

ARTICLE 5
CLOSING

5.1 Closing and Closing Deliveries.

- (a) The purchase and sale of the Zoglos Assets will take place electronically on the Closing Date, or in such other manner on such other date as may be agreed upon in writing between the Vendor and the Purchaser, subject to the satisfaction or waiver of all conditions set out in this Agreement.
- (b) On or before the Closing Date, the Vendor shall deliver (or cause to be delivered) to the Purchaser the following:
 - (i) all necessary deeds, conveyances, bills of sale, assurances, transfers, assignments and consents and any other documents necessary or reasonably required to effectively transfer of the Zoglos Assets to the Purchaser;
 - (ii) its executed counterpart of the contract manufacturing agreement on the terms attached as Exhibit "B" of the Option Agreement (the "Manufacturing Agreement") duly executed by the Vendor;
 - (iii) a certificate of status/good standing or equivalent of the Vendor dated as of the Closing Date;
 - (iv) sales data with respect to the Zoglos Products, outlining all sales of Zoglos Products outside of Israel, for the 4 previous fiscal quarters completed prior to the Closing Date, delivered in a format reasonable to both parties, which shall be attached as schedule 5.1(b)(iv) and incorporated into this Agreement;
 - (v) evidence that this Agreement and the transactions contemplated hereby have been approved by all necessary corporate action of the Vendor; and
 - (vi) all such other assurances, consents, agreements, resolutions, documents and instruments as may be reasonably required by the Purchaser to complete the

transactions contemplated by this Agreement, including a certification that the listing of Zoglos IP registrations outlined in Schedule 1.1(d) of the Option Agreement is a then current and complete listing of all IP registrations; and

- (vii) executed IP assignments in a form that can be filed with respective national intellectual property offices in order to ensure assignment of all Intellectual Property is affected after Closing
- (c) On or before the Closing Date, the Purchaser shall deliver (or cause to be delivered) to the Vendor the following:
- (i) a bank confirmation that the sum of CAD \$2,000,000.00 was wired to Vendor's Bank account.;
 - (ii) a copy of Note, duly executed by the Purchaser;
 - (iii) a copy of the Security Agreement, duly executed by the Purchaser;
 - (iv) a copy of the Manufacturing Agreement duly executed by the Purchaser;
 - (v) a certificate of status/good standing or equivalent of the Purchaser dated as of the Closing Date;
 - (vi) a certified copy of the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement; and
 - (vii) all such other assurances, consents, agreements, resolutions, documents and instruments as may be reasonably required by the Vendor to complete the transactions contemplated by this Agreement.

ARTICLE 6

SURVIVAL AND INDEMNIFICATION

6.1 **Survival.** The representations and warranties of the Vendor and Purchaser in this Agreement, will survive Closing and will continue in full force and effect for a period of 2 years following the Closing Date (other than in respect of the representations and warranties in Sections 3.1(a), (c), (e), and (f) and Sections 3.2(a), (a) and (c) which will survive indefinitely). The covenants of the Vendor and the Purchaser contained in this Agreement shall survive the Closing and continue until performed in full or waived by the applicable party.

6.2 **Indemnity.**

- (a) The Vendor covenants and agrees to indemnify, defend and save harmless the Purchaser and each of its officers, directors, employees, direct and indirect shareholders, agents and representatives (collectively, the "**Purchaser Indemnified Parties**") from and against any and all Damages (as defined below) incurred or suffered by the Purchaser Indemnified Parties resulting from, in connection with or arising out of: (i) any breach or inaccuracy of any representation or warranty of the Vendor in this Agreement or the Option Agreement; (ii) any breach or non-performance by the Vendor of any covenant or obligation to be performed by the Vendor in this Agreement or in the Option Agreement; and (iii) all claims, demands, costs and expenses, including legal expenses, in respect of the foregoing. For the purposes of this Agreement, the term "**Damages**" means any and all damages, losses,

liabilities, costs and expenses (including expenses of investigation and reasonable fees and expenses of counsel and other professionals), but excluding any indirect, punitive, special, incidental or consequential losses or damages.

- (b) Indemnity re: Infringement. The Vendor shall indemnify and hold harmless the Purchaser from and against all liabilities, costs, expenses (including, without limitation, reasonable legal fees), claims, demands (including, without limitation, for disease, injury or death of any person, or for damage to or loss or destruction of any property), causes of action, damages and judgments which the Purchaser may incur or suffer in respect of any actual or alleged infringement by the Zoglos Products or the Vendor of any copyright, patent, trademark, trade secret or other intellectual property right of any kind of any third party.
- (c) The Purchaser covenants and agrees to indemnify, defend and save harmless the Vendor and each of its officers, directors, employees, direct and indirect shareholders, agents and representatives (collectively, the "**Vendor Indemnified Parties**") from and against any and all Damages incurred or suffered by the Vendor Indemnified Parties resulting from, in connection with or arising out of: (i) any breach or inaccuracy of any representation or warranty of the Purchaser in this Agreement; (ii) any breach or non-performance by the Purchaser of any covenant or obligation to be performed by the Purchaser in this Agreement or in any agreement (other than the Manufacturing Agreement), certificate or other document delivered pursuant hereto or thereto; and (iii) all claims, demands, costs and expenses, including legal expenses, in respect of the foregoing.
- (d) The Vendor's liability under this section 6.2 shall be limited to a maximum of the Purchase Price actually paid to Vendor.

ARTICLE 7

GENERAL CONTRACT PROVISIONS

- 7.1 **Further Assurances.** From time to time after the Closing Date, the Vendor and the Purchaser will, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to carry out the intent of this Agreement and transfer the Zoglos Assets to the Purchaser.
- 7.2 **Notices.** Any notice, direction or other communication given regarding the matters contemplated by this Agreement or any ancillary agreement delivered pursuant to this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier or email and addressed:

to the Vendor at:

8 Hagaton Blvd, Nahariya, Israel
22100
Attention: Eli Soglowek
[Email: eli@soglowek.co.il](mailto:eli@soglowek.co.il)

With an email copy to: bilet@netvision.net.il

to the Purchaser at:

23 Jenkins Dr, Richmond Hill, ON, CANADA

L4C 8C5

Attention: Henry Ender

With an email copy to: spatriquin@weirfoulds.com

A Notice is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (ii) if sent by email, on the date of transmission if made prior to 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day (unless there is a "bounce-back" or other indication that the email message was not received). A party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed.

- 7.3 **General Contract Terms.** No party will be deemed or taken to have waived any provision of this Agreement unless such waiver is in writing and such waiver will be limited to the circumstances set forth in such written waiver. This Agreement and the rights and obligations and relations of the parties hereto shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (but without giving effect to any conflict of laws rules). The parties hereto agree that the Courts of Ontario shall have jurisdiction to entertain any action or other legal proceedings based on any provisions of this Agreement. Each party hereto does hereby attorn to the jurisdiction of the Courts of the Province of Ontario. This Agreement may be executed in one or more counterparts, each of which will constitute an original and all of which together will constitute one and the same agreement. Pdf format and facsimile shall be deemed original signatures for purpose of this Agreement. If any covenant or provision of this Agreement is prohibited in whole or in part in any jurisdiction, such covenant or provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining covenants and provisions hereof and shall, as to such jurisdiction, be deemed to be severed from this Agreement to the extent of such prohibition. Each party will bear their own costs in connection with the drafting of this Agreement and the Closing of the proposed transaction herein. Each party acknowledges and agrees that it has received independent legal advice prior to entering into this Agreement or has waived its right to do so.
- 7.4 **Entire Agreement.** This Agreement, and the agreements, instruments and documents required to be delivered hereunder, constitute the entire agreement between the parties with respect to the subject-matter hereof and supersede all prior agreements and understandings between the parties with respect to the subject matter hereof. This Agreement may not be amended or modified in any respect except by written instrument signed by the parties.
- 7.5 **Time of the Essence.** Time will be of the essence, provided that if the parties establish a new time for the performance of an obligation, time will again be of the essence of the new time established.
- 7.6 **Enurement.** This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, executors, legal and personal administrators, successors and permitted assigns.
- 7.7 **Assignment.** Neither this Agreement nor any rights or obligations hereunder shall be assignable by any party hereto without the prior written consent of each of the other parties, which consent may be unreasonably withheld.

[signature page to follow]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above

ZOGLO’S INCREDIBLE FOOD INC.

By: "Henry Ender"

Name:
Title:

I have authority to bind the corporation

**NAKNIK NAHARIYA KASHER
SOGLOWEK LTD.**

By: "Ami Soglowek"

Name:
Title:

I have authority to bind the corporation

Schedule 5.1(b)(iv)
SALES FIGURES



Redacted for confidential purposes