

SHAREHOLDERS AGREEMENT

for

XEBRA BRANDS EUROPE B.V.
(the "Company")

entered into between

XEBRA BRANDS LTD.
(hereinafter referred to as "Xebra")

and

SHARE MARKETING & MANAGEMENT SERVICES B.V.
(hereinafter referred to as "SHARE")

WHEREAS Xebra and SHARE are parties to a deed of sale (the "Deed of Sale") with Organto Foods Inc. ("Organto") dated February 19, 2020 whereby they have agreed to purchase the outstanding shares of the Company (the "Shares") from Organto as to 75 Shares by Xebra and 25 Shares by SHARE, subject to adjustment as provided herein;

AND WHEREAS Xebra and SHARE wish to enter into this Agreement to set out the terms upon which they will interact as shareholders of the Company;

AND WHEREAS this Agreement witnesses that, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

NOW THEREFORE all parties hereto agree to be bound by the following terms and conditions:

1. DEFINITIONS

1.1 Clause headings of this Agreement are for convenience purposes only and shall not be used in its interpretation;

1.2 Unless the context clearly indicates a contrary intention :

(a) an expression which denotes:

(i) any gender includes the other genders;

(ii) a natural person includes an artificial person and vice versa;

(iii) the singular includes the plural and vice versa;

(b) the following expressions shall bear the meanings assigned to them below:



- (i) **“Agreement”** shall mean this agreement and all annexures, addendums and schedules hereto;
- (ii) **“auditors”** shall mean such auditors as may be appointed by the board from time to time;
- (iii) **“Attributable Project Value”** or **“APV”** is the deemed value of the Company as of the Post Construction Date, as provided for in Part 5 hereof;
- (iv) **“Board”** shall mean the Board of Directors of the Company for the time being;
- (v) **“Budget”** shall mean, from time to time, the budget prepared by the Manager in form acceptable to the Board, acting reasonably, detailing the proposed expenditures of the Company for the term of such budget;
- (vi) **“Business”** shall mean the business of cannabis cultivation and sale;
- (vii) **“Constating Documents”** shall mean the organizational documents of the Company under the law of the Netherlands;
- (viii) **“Directors Resolution”** shall mean a normal resolution of Directors passed by means of a simple majority equating to more than 50% of the Directors voting in favour thereof at a duly called meeting provided that there is a quorum present, as provided for in section 6.3;
- (ix) **“Manager”** shall mean the manager of the Company as appointed by the Board, having the responsibilities set out in section 6.4;
- (x) **“Post Construction Date”** shall mean the date of completion of the construction of all cultivation facilities determined necessary by the Manager to carry on the Business as proposed to be conducted by the Company, prior to commercial planting of cannabis seeds as evidenced by notice in writing delivered by Xebra to SHARE and the Company;
- (xi) **“Prime Rate”** shall mean, from time to time, the then publicly quoted basic rate of interest per annum that the Bank of Montreal lends to its most favoured corporate clients on an unsecured basis, as certified by any general manager of that bank;
- (xii) **“Shareholders”** shall mean Xebra and SHARE or whoever else is properly registered and reflected as shareholders in the Company’s shareholders register from time to time;
- (xiii) **“Shares”** shall mean shares in the authorised share capital of the Company;
- (xiv) **“the Company”** shall mean Xebra Brands Europe B.V.;



(c) any reference to any Statute shall be a reference to that Statute as at the signature date and as amended or re-enacted from time to time; and

(d) if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in a definition clause effect shall be given to it as if it were a substantive provision in the body of this Agreement.

2. RECORDAL

2.1 This Agreement replaces any previous Shareholders Agreement relating to the Company entered into by and between any of the parties.

3. CONSTATING DOCUMENTS

3.1 If the Constatting Documents of the Company at any time are in conflict with this Agreement then:

(a) the provisions of this Agreement shall prevail; and

(b) anyone of the Shareholders (the "Requiring Shareholder") shall be entitled, by notice in writing to the other Shareholder, to require the other Shareholder, who shall then be obliged (in conjunction with the Requiring Shareholder) to do all such things, sign all such documents and pass and procure the registration (where applicable) of all such resolutions as may be necessary to amend the Constatting Documents so as to conform with the provisions of this Agreement.

4. SHARES

4.1 The outstanding share capital of the Company is 100 ordinary shares having a nominal par value of 1 Euro each.

4.2 The shareholdings upon completion of the transactions contemplated by the Deed of Sale are as follows:

(a) Xebra holding 75 Shares equaling 75% of the issued share capital in the Company; and

(b) SHARE holding 25 Shares equaling 25% of the issued share capital in the Company.

4.3 Notwithstanding the provisions of section 4.2 herein, the parties acknowledge that the number of Shares to be held by the parties on the Post Construction Date are subject to adjustment on the following basis:

(a) if Xebra invests by way of capital contribution in the Company less than 3,000,000 Euros to reach the Post Construction Date, the shareholdings of the parties in the Company shall be Xebra 75 Shares and SHARE 25 Shares, and for the purposes of



Sections 5.4 and 5.5 a Shareholder's percentage interest in the Company shall be equal to the number of Shares held by such Shareholder;

(b) if Xebra invests between 3,000,000 Euros and 5,000,000 Euros to reach the Post Construction Date, the shareholdings of the parties in the Company shall be adjusted to provide for Xebra to hold 80 Shares and SHARE 20 Shares, and for the purposes of Sections 5.4 and 5.5 a Shareholder's percentage interest in the Company shall be equal to the number of Shares held by such Shareholder;

(c) if Xebra invests between 5,000,000 Euros and 7,000,000 Euros to reach the Post Construction Date, the shareholdings of the parties in the Company shall be adjusted to provide for Xebra to hold 85 Shares and SHARE 15 Shares, and for the purposes of Sections 5.4 and 5.5 a Shareholder's percentage interest in the Company shall be equal to the number of Shares held by such Shareholder; and

(d) if Xebra invests more than 7,000,000 Euros to reach the Post Construction Date, the shareholdings of the parties in the Company shall be adjusted to provide for Xebra to hold 90 Shares and SHARE 10 Shares, and for the purposes of Sections 5.4 and 5.5 a Shareholder's percentage interest in the Company shall be equal to the number of Shares held by such Shareholder.

4.4 The parties hereby undertake to sign all documents and do all things necessary in order to give effect to the transfer of the Shares detailed above and the transfers needed to give effect to a Recalculation Event (as hereinafter defined) and, without limiting the generality of the foregoing, upon closing of the transactions contemplated by the Deed of Sale, SHARE shall lodge with Xebra certificates in negotiable form representing 15 Shares in the name of SHARE to be held by Xebra and dealt with as of the Post Construction Date so as to give effect to the provisions of section 4.3.

5. FINANCING AND LOAN ACCOUNTS

5.1 It is acknowledged that Xebra is to solely fund the Company to the Post Construction Date, which funding is to be provided to the Company by way of capital contribution. In this regard the expenditure of funds by the Company to reach the Post Construction Date shall be at the sole discretion of Xebra, and all monies so funded by Xebra shall be deemed to be on account of achieving the Post Construction Date and shall be included in the monies invested by Xebra for the purpose of section 4.3.

5.2 Upon reaching the Post Construction Date, any further funds required by the Company to develop the business of the Company shall be provided by the Shareholders by way of Shareholder loans ("Shareholder Loans") to be advanced by the Shareholders to the Company pro rata in accordance with their holdings of Shares at such time as such Shareholder Loans are required, such requirements to be in accordance with the then current Budget.

5.3 Other than as provided for in section 5.4 below, all Shareholder Loans shall be governed by the following terms and conditions:

(a) they shall be interest free; and



(b) they shall only be repaid by the Company when the Board considers that the Company is in a financial position to do so;

(c) except as provided for in section 5.4 hereof, no Shareholder Loans or any part thereof shall be repaid to any Shareholder unless a repayment is made to the other Shareholder in proportion to their respective Shareholding interest in the Company, unless otherwise agreed to by the Shareholders in writing.

5.4 Notwithstanding anything else contained herein, where a Shareholder (for the purposes of this clause the "Defaulting Shareholder") does not fund its proportionate share of an amount otherwise required to be funded by way of Shareholder Loans in accordance with the terms of this Agreement, the other Shareholder may advance the Defaulting Shareholder's amount (the "Recalculation Event") by way of Shareholders Loan (for the purposes of this section the "Additional Shareholder Loans") and in such instance the Additional Shareholder Loan shall be interest free.

Upon the occurrence of a Recalculation Event, Shares held by the Shareholders shall be recalculated and redistributed (the "Redistribution") based on the following formula:

$$Y = \frac{A + B}{C + D}$$

where:

"A" is the Attributed Project Value attributable to the Shareholder as at the Post Construction Date;

"B" is the aggregate of the Shareholder's additional actual contributions after the Post Construction Date;

"C" is the Attributed Project Value;

"D" is the aggregate of both Shareholders' actual contributions after the Post Construction Date; and

"Y" is the recalculated proportionate interest in the Company by the Shareholder.

The Shareholders shall take such steps as shall be necessary to cause the Defaulting Shareholder to give effect to the Redistribution.

If, as a result of a Recalculation Event, a Shareholder's (for the purposes of this section, a "Diluted Shareholder") interest in the Company is reduced to 5% or less, then the other Shareholder shall have the right, but not the obligation to compel the Diluted Shareholder to sell its Shares to the other Shareholder for an amount equal to an amount determined by adding the APV attributable to the Diluted Shareholder with the aggregate of the Diluted Shareholder's actual contributions under Section 5.2 and 5.4 after the Post Construction Date. The Diluted Shareholder shall be deemed to have appointed the other Shareholder as its attorney for the



purpose of executing such documents and doing such things as shall be deemed necessary to give effect to the sale of Shares provided for herein.

5.5 For the purposes of Section 5.4 APV shall be determined by dividing the amount actually invested by Xebra in the Company prior to the Post Construction Date by the percentage interest of Xebra in the Company as of the Post Construction Date pursuant to Section 4.3:

- (i) the APV attributable to Xebra shall be equal to the amount actually invested by Xebra in the Company prior to the Post Construction Date;
- (ii) the APV attributable to SHARE shall be equal to the amount determined by multiplying the APV by the percentage interest of SHARE in the Company of the Post Construction Date pursuant to Section 4.3.

By way of example only, if Xebra invested \$6,500,000 in the Company prior to the Post Construction Date (allocated 85 Shares):

- (i) APV is $\$6,500,000 \div .85 = \$7,647,059$;
- (ii) APV attributable to Xebra is \$6,500,000; and
- (iii) APV attributable to SHARE is $\$7,647,058 \times .15 = \$1,147,059$

5.6 The parties acknowledge and agree that any further financing of the Company shall be provided in such amounts and at such times as set out in the Budget to be prepared by Xebra as Manager from time to time and provided to the Shareholders subject to approval by the Board.

5.7 Any claims on loan accounts of the Shareholders against the Company shall be repaid by the Company from the net profit available for distribution; pro rata to each Shareholder in accordance with their then percentage holding in the Company.

5.8 Notwithstanding the foregoing, all loan accounts shall immediately become repayable in the event of:

- (a) the placing of the Company under a provisional or final winding up order or under provisional or final judicial management; or
- (b) the passing by the Company of a resolution for its voluntary liquidation; or
- (c) the submission by the Company of an offer of compromise or similar offer to its creditors generally.

6. DIRECTORS, MANAGER AND CONTRACTUAL CAPACITY

6.1 Notwithstanding anything to the contrary contained in the Constatting Documents of the Company:

- (a) Xebra shall be entitled to appoint 3 Directors to the Board of the Company; and



(b) SHARE shall be entitled to appoint 1 Director to the Board of the Company

and the Shareholders shall exercise the voting rights attached to the Shares held by them to give effect to the above.

6.2 All duties of Directors will be agreed upon between the Directors from time to time at the relevant Directors Meetings provided that the Board shall take such steps as shall be necessary to cause Xebra or its nominee to be appointed as Manager.

6.3 A quorum for meetings of the Board shall be a minimum of two Directors with at least one such Director being an appointee of Xebra and all business of the Company that may properly be conducted by the Board shall be subject to approval by Directors' Resolution.

6.4 The Manager shall be responsible for the day to day management and operations of the Company and in that regard shall from time to time submit Budgets to the Board for approval, such Budgets to form the basis for the requests for Shareholder Loans as contemplated by section 5.2 hereto.

7. SALE OF SHARES, RIGHT OF FIRST REFUSAL AND DRAG ALONG

7.1 SHARE shall not be entitled to cede, pledge or in any way encumber any or all of its Shares, for any reason whatsoever, unless Xebra consents to same, in writing.

7.2 SHARE shall not be entitled to sell or alienate its Shares other than compliance with the provisions of this Agreement.

7.3 Any sale of Shares by SHARE directly or indirectly by way of any sale of shares in SHARE or its holding company, shall first be offered in writing to Xebra. This written offer shall provide for acceptance thereof within a period of thirty (30) calendar days from the date that the offer is received from the offeror.

7.4 Such Shares shall be offered for sale for a sum to be as applicable, equal to any offer received by SHARE by a third party, or as otherwise agreed upon by Xebra.

7.5 In the event that any Shares offered for sale by SHARE, directly or indirectly are not so purchased by Xebra, those Shares not purchased may be offered by SHARE to a third party, subject to the provisions hereof for a period of 30 days, provided that it does not offer such Shares to the third party at an amount less than Xebra would be obliged to pay or on terms more favourable. If no third party sale is completed within the 30 day period the provisions of sections 7.3 and 7.4 apply anew with respect to any further sale. Notwithstanding anything contained herein SHARE shall not be entitled to dispose of any Shares to any third party pursuant to this section unless such third party's identity has been approved by Xebra, which approval shall not be unreasonably withheld and unless such third party agrees to be bound by the provisions of this Agreement.

7.6 If Xebra wishes to sell its Shares to an arm's length third party, then SHARE shall be obliged to also offer its Shares to such party.



8. DIVIDENDS

8.1 Subject to what is contained in this Agreement regarding the repayment of loan accounts, it is acknowledged that the Company will declare dividends in respect of the Company's net profit available for distribution. This dividend will be paid to the Shareholders immediately when the Company can afford to make such payment. In order to ascertain whether or not the Company can afford to make the payment of the dividend, the Company's Directors shall be required to determine the financial ability of the Company to do so, it being specifically agreed that the Company will not borrow funds in order to make payment of a dividend.

8.2 In the event of the Directors confirming that the Company is not in a financial position to effect payment of any dividends, then in such event no dividend shall be paid.

9. TERMINATION

9.1 This Agreement shall remain in full force and effect until the earlier of:

- (a) the dissolution of the Company;
- (b) the agreement of the Shareholders that it be terminated.

9.2 Termination of this Agreement shall be without prejudice to any accrued rights or obligations of the Shareholders up to the date of termination.

10. REPRESENTATIONS AND WARRANTIES

10.1 Each party to this Agreement represents and warrants to each of the other parties to this Agreement in respect of such party that the statements set out in sections 10.2 to 10.8 are true and accurate as of the date of this Agreement.

10.2 Such party has full power and authority without requiring the consent of any other person, and has taken all necessary corporate or other actions, to enter into and exercise its rights and perform its obligations under this Agreement.

10.3 This Agreement and all other documents to be executed by such party pursuant to this Agreement will, when executed, constitute lawful, valid and binding obligations of such party in accordance with their respective terms.

10.4 The execution and delivery of this Agreement and all other documents to be executed by such party pursuant to this Agreement, and the performance of and compliance with their terms, by such party does not and will not conflict with, constitute a breach of, give rise to an event of default under, require the consent of another person under, require a payment to another person under, enable a person to terminate or vary, or relieve a person from obligation under:

- (a) its memorandum of articles of association (or equivalent documents) if relevant;
- (b) any agreement, instrument, permit or lease to which such party is a party; or



(c) any law binding upon such party;

in each case which would have an adverse effect on such party's obligations under this Agreement or any other document to be executed by such party pursuant to this Agreement.

10.5 There is no requirement applicable to such party to give notice to or make any filing with, or obtain any permit, authorisation, consent or approval of any governmental authority as a condition to the lawful consummation of the transactions contemplated by this Agreement. There is no requirement that any party to any contract, agreement, instrument or arrangement to which such party is bound or by which such party or its assets is bound, consent to the execution of this Agreement or the consummation of the transactions contemplated hereby.

10.6 There are no claims pending or threatened against any of its properties, assets or rights or orders applicable to such party or any of its properties, assets or rights which is or is likely to be adverse or material to the execution of this Agreement or the consummation of the transactions contemplated hereby.

10.7 Such party has no immunity from jurisdiction of any court or from any legal process (whether through service, notice, attachment or otherwise).

~~10.8 Such party is able to pay its obligations as they become due.~~

11. AMENDMENT OR CANCELLATION

Any agreement to amend the terms hereof or to cancel this Agreement or the cancellation hereof shall be by mutual consent and shall be of no force and effect unless reduced to writing and signed by all the parties.

12. BREACH

12.1 The parties agree that the cancellation of this Agreement in the event of a breach, would be an inappropriate and insufficient remedy and that irreparable damage could occur if the provisions of this Agreement were not complied with. It is accordingly agreed that, in the event of a breach of any of the provisions of this Agreement, all of which it is agreed are material, the aggrieved party shall be entitled (without prejudice to any other rights which it may have in law, save for the right to cancel this Agreement) to apply to a competent court for an order for specific performance and shall be entitled to recover any damages which it may have suffered.

13. CONFIDENTIALITY

The Shareholders undertake to each other and the Company that they will not at any time hereafter use or divulge or communicate to any person other than to their professional and corporate advisers or to officers or employees of the Company whose province it is to know the same, or on the instructions of the Directors, any confidential information concerning the Business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the Company which may come to their knowledge and they shall use their best endeavours to prevent the publication or disclosure of any confidential information concerning such matters, provided that it is acknowledged that Xebra may become a "reporting issuer" under the laws of

one or more provinces of Canada in which case it will have certain statutory disclosure obligations and satisfaction of such obligations shall not be deemed to be a breach of the provisions hereof.

14. WHOLE AGREEMENT

This Agreement contains the entire agreement between the parties in regard to all that is contained or referred to in this Agreement. There are no other terms, conditions, undertaking, promise, or warranties of any nature whatsoever regulating the parties relationship in regard to the matters referred to or contained in this Agreement. The parties acknowledge that there are no collateral agreements between the parties in regard to the matters contained in or referred to in this Agreement or any understandings, assurances, promises or inducement of any nature whatsoever.

15. INDULGENCE WAIVER OR ABANDONMENT

No indulgence, waiver or relaxation by any party hereto shall constitute a waiver or abandonment of any rights the other party may have in consequence of any other party's breach.

16. COMPANY A PARTY

The parties hereby agree and acknowledge that the Company is a party to this Agreement, insofar as this Agreement affects or benefits it or imposes rights and obligations upon it.

17. BINDING EFFECT

This Agreement shall be and remain binding on the parties notwithstanding any change in the respective Shareholders' interests.

18. COSTS

18.1 Save as otherwise expressly stated in this Agreement, each party shall pay its own costs in connection with the negotiation, preparation and implementation of this Agreement and all agreements ancillary to it.

19. COUNTERPARTS

19.1 This Agreement may be executed in any number of counterparts, each of which when executed and delivered constitutes an original of this Agreement, but all the counterparts shall together constitute one and the same agreement. No counterpart shall be effective until each party has executed at least one counterpart.

20. NOTICES

20.1 A notice or other communication given under this Agreement shall be in writing and shall be served by delivering it to the party due to receive it in accordance with this section at the address set out herein

Two handwritten signatures in blue ink are located at the bottom right of the page. The signature on the left is a stylized, cursive mark, while the signature on the right is more legible and appears to be a full name.

20.2 The parties' addresses and email addresses for the purposes of this Agreement are:

(a) The Company

Andrew Yau
1090 Hamilton Street
Vancouver, BC
Canada, V6B 2R9

Email: andrew@columbusgroup.com

Fax: (604) 634-0971

(b) Xebra

Andrew Yau
1090 Hamilton Street
Vancouver, BC
Canada, V6B 2R9

Email: andrew@columbusgroup.com

Fax: (604) 634-0971

(c) SHARE

Rients Jan van der Wal
Ginnekenweg 240
4835 NJ Breda
Netherlands

Email: rjvanderwal@brandalholding.nl

Fax: NA

or such other address or fax number as the relevant party notifies to the other parties, which change of address shall only take effect if delivered and received in accordance with this clause.

20.3 A notice so addressed shall be deemed to have been received:

- (a) if personally delivered, at the time of delivery;
- (b) if sent by confirmed courier, the date of delivery as confirmed by the courier;
- (c) if sent by registered air-mail, seven Business days after "normal working hours" shall be the date of posting to the relevant address; and



(d) if sent by email on successful completion of its transmission.

21. GOVERNING LAW

This Agreement is governed by, and shall be construed in accordance with the laws of the Netherlands applicable therein.

22. CARRYING OUT THE AGREEMENT

The parties undertake to do all such things, sign all such documents and take all such steps as may be necessary, incidental or conducive to the implementation of the terms of this Agreement.

23. SUCCESSOR BOUND

This Agreement shall be binding on and shall endure for the benefit of the successors and assigns and personal representatives (as the case may be) of each of the Shareholders.

24. NO PARTNERSHIP

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between any of the parties hereto and none of them shall have any authority to bind the others in any way.

25. SEVERABILITY

Notwithstanding that any provision of this Agreement may prove to be illegal or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

SIGNED at ³⁰ on the ⁰⁶ day of • 2020.

XEBRA BRANDS LTD.

Per: 
Authorized Signatory

SHARE MARKETING & MANAGEMENT SERVICES B.V

Per: 
Authorized Signatory

XEBRA BRANDS EUROPE B.V

Per: 
Authorized Signatory