

**Zambezi board Project: Letter of Understanding**

January 20, 2021

This letter of understanding establishes the operating terms and conditions between Take Outdoors ("Take"), 58 Rue Alain Gerbault, 56000 Vannes, and Zambezi Sports Inc. ("Zambezi"), Vancouver BC, Canada. Take agrees to manufacture, assemble and sell to Zambezi a swim board manufactured according to agreed specifications provided by Zambezi and under terms and condition below.

**Term of the agreement**

- Start date February 1, 2021.
- Initial term is 3 years ending January 31, 2024.
- Optional one-year extensions at the discretion of both parties
- Notice to extend the initial term must be agreed to in writing 180 days prior to its termination. Notice for any additional extensions will be annually 180 days prior to January 31 each year.

**Commercial terms**

- The price of the Zambezi board will be provided to Zambezi in EUR.
- In January each year Take will provide Zambezi a price for the fully assembled and packages swim board in EUR that is valid for a period of one year
- Take sell to Zambezi the swim board at the price of 208€ including standard card box and stickers. The price could be adjusted following the last design updates.
- FOB Vannes factory Take back office in charge of ordering the containers to the Zambezi forwarder company referent in France.
- The payment should be made by Zambezi to Take at departure of the containers.

**Purchase condition**

- Zambezi should order to Take 500 boards minimum by order. This quantity can be adjusted to the container size.
- The first two years Zambezi should order to Take 1000 boards minimum.
- Take will produced 80 boards per day.
- Take will send to Zambezi the invoices at the date of containers departures.
- The term of payment is 30 days nets date to invoice.

**Board**

- Take will produce the swim board in Ace-Tec construction
- The project includes only one sizes of swim board (large size). Other sizes could be study on next projects.
- On this project, Take will not study the pad or windows integration.
- In order to be safe and respect the delay, the components from Asia (pads, ...) should be purchased by Zambezi at once (1000 units) prior to be transferred to Take factory.

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**Manufacturing tools**

- Zambezi pays for the hull molds and injection mold tools.
- Zambezi retains ownership of these tool.
- The total cost of a mold per size is 105k€. Zambezi must pay Tahe 50% of this cost when the project starts and 50% when Tahe order the aluminum.
- Tahe will order the mold study starts when the final CAD definition is approved by Zambezi.
- The mold study and making will be made following the timetable annexed. With the possibility of some adjustments depending on unforeseen circumstances or delay that can append during this project.

**Confidentiality**

- It is of vital importance that no information of the Zambezi swim board project gets out to Tahe and Zambezi suppliers, dealers or the public.
- Tahe agrees to keep confidential all details of this project.
- Tahe understands and agrees that Zambezi will disclose to it's current and future shareholders that the hull of the Zambezi Board will be manufactured by Tahe Outdoors under OEM agreement

**Warranty**

- Hulls with manufacturing abnormalities that are due to faults in the manufacturing process will be replaced by Tahe. An example would be a split seam. Hulls that fail but adhere to the manufacturing specifications provided by Zambezi are not eligible for replacement.

/s/ Thierry Verneuil

Thierry Verneuil  
President, Tahe Outdoors

Date:

21.01.2021.

/s/ Justin Schroenn

Justin Schroenn  
President, Zambezi Sports Inc.

Date:

22 January 2021

Annex: Mold study and making timetable

