



**KAIVAL BRANDS INNOVATIONS
GROUP, INC.**

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Dear Wholesaler,

At Kaival Brands Innovations Group, Inc. (“Kaival”), we are committed to you (“you” and “your”) and your customers – the wholesalers that help our company satisfy customer needs and deliver best-in-class products. To protect our brands and the integrity of our authorized distribution channels, Kaival is announcing and implementing an Authorized Reseller Program, effective **September 1, 2023**.

Your obligations under our new Authorized Reseller Program are outlined in the attached **Kaival Authorized Wholesaler Policy**.

Among other benefits, our Authorized Reseller Program will ensure that all sellers of Kaival products understand and take the steps necessary to ensure product quality and provide the excellent customer service that is integral to the reputation of our brands and your business. In addition, our Authorized Reseller Program will assist us in identifying and taking action against unauthorized sellers that are harming you, your customers, and consumers through the sale of damaged and diverted products.

Pursuant to the Authorized Wholesaler Policy, you may sell Kaival products only to customers who are classified as “Authorized Retailers.” You are prohibited from selling Kaival products to end users without Kaival’s prior written consent. To become and remain an Authorized Wholesaler, your reseller customers will be required to abide by the attached Kaival Authorized Retailer Policy.

Please also note that the Authorized Wholesaler Policy prohibits you from selling Kaival products on any publicly accessible website or other online platform without Kaival’s prior written consent. You may use an online order portal to facilitate orders from Authorized Retailers, so long as that portal requires Authorized Retailers to obtain an account and log in to view product listings and pricing information. This rule will be strictly enforced.

Additionally, the Authorized Wholesaler Policy requires that you forward the Authorized Retailer Policy and any other materials requested by Kaival to your customers. For your convenience, we have attached an Authorized Retailer Packet, which contains the documents that you are required to forward to your reseller customers at this time. In particular, the Authorized Retailer Packet contains: (1) the Authorized Retailer Policy; and (2) a letter to your reseller customers describing the Authorized Retailer Policy and the purposes of our Authorized Reseller Program. We ask that you forward a copy of the attached Authorized Retailer Packet to each of your reseller customers as soon as possible and thank you in advance for your cooperation and assistance.

Thank you for your careful attention to the attached documents and for your continued support of Kaival Brands Innovations Group, Inc. and the Kaival brands.

Sincerely,

Kaival Brands Innovations Group, Inc.



KAIVAL AUTHORIZED WHOLESALER POLICY FOR THE UNITED STATES

Effective Date: September 1, 2023

This Kaival Authorized Wholesaler Policy for the United States (“Wholesaler Policy”) is issued by Kaival Brands Innovations Group, Inc. (“Kaival”) and applies to Authorized Wholesalers of Kaival products, including but not limited to the BIDI[®] stick vape products (“Product(s)”) in the United States of America. By purchasing Products from Kaival for distribution to Authorized Retailers (as defined below) (or other Authorized Wholesalers, as specifically granted permission from Kaival) for resale, you (“Wholesaler”) agree to adhere to the following terms. This Wholesaler Policy supplements any then-current wholesaler or distribution agreement between you and Kaival. Until such status is otherwise revoked by Kaival in Kaival’s sole and absolute discretion, Wholesaler shall be considered an “Authorized Wholesaler.” Kaival may review Wholesaler’s activities for compliance with this Wholesaler Policy, and Wholesaler agrees to cooperate with any such investigation, including, but not limited to, permitting inspection of Wholesaler’s facilities and records related to the sale of the Products. In the event that any information provided by Wholesaler upon registering with Kaival is no longer correct (e.g., address), then Wholesaler shall promptly provide Kaival with the updated and correct information.

1. Authorized Customers.

(a) Wholesaler is authorized to sell Products only to Authorized Retailers in the United States. (If Wholesaler also sells as a Retailer, then Wholesaler must obtain permission to sell as a Retailer from Kaival and receive the Authorized Retailer Policy. If Wholesaler sells to other Wholesalers, then Wholesaler must (i) notify Kaival of the name of such sub-wholesalers; (ii) obtain permission to sell to other wholesalers from Kaival; and (iii) receive the Authorized Wholesaler Policy to pass down to such other wholesalers.)

An “Authorized Retailer” is an individual or business entity that:

- (i) purchases Products from Kaival or a Kaival Authorized Wholesaler and resells the Products as part of a commercial enterprise;
- (ii) has received and abides by the Kaival Authorized Retailer Policy for the United States (“Retailer Policy”); and
- (iii) has not had its Authorized Retailer status revoked by Kaival or been identified by Kaival as ineligible to become an Authorized Retailer.

(b) If any customer or prospective customer of Wholesaler is not yet an Authorized Retailer, Wholesaler shall immediately provide the Retailer Policy to such customer/prospective customer. If such customer/prospective customer accepts the terms in the Retailer Policy, Wholesaler may thereafter sell Products to such customer, which shall thereafter be an Authorized Retailer unless and until Kaival revokes such status. Authorized Retailers are determined by Kaival in its sole discretion.

(c) Notwithstanding anything to the contrary in this Wholesaler Policy, Wholesaler shall not sell Products to any entity that operates a third-party marketplace website, including, but not limited to, Amazon, Walmart, or Target.

(d) Wholesaler shall not sell Products to End Users without Kaival's prior written consent. An "End User" is any purchaser of the Products who is the ultimate consumer of the Products and who does not intend to resell the Products to any third party.

(e) Wholesaler shall cease or suspend sales to any customer promptly upon request of Kaival.

(f) Wholesaler shall not sell, ship, or promote the Products outside of the United States of America or to anyone Wholesaler knows or has reason to know intends to sell, ship, or promote the Products outside of the United States of America without Kaival's prior written consent.

(g) Wholesaler shall distribute policies, updates to policies, Product information, educational materials, and other information to its Authorized Retailer customers as requested by Kaival from time to time.

2. Online Sales. Wholesaler shall not offer for sale or sell the Products on or through any Publicly Accessible Website without the prior written consent of Kaival.

(a) A "Publicly Accessible Website" is a website, online marketplace, mobile application, or other online forum that advertises Products or offers Products for sale and displays Product pricing information in a location that can be viewed by a prospective customer without creating an account and logging in.

(b) All third-party online marketplace websites (including, but not limited to, Amazon, eBay, Facebook Marketplace, Google Shopping, Kroger Marketplace, Target+, and Walmart Marketplace) are Publicly Accessible Websites. Sales on these websites are prohibited without Kaival's prior written consent.

(c) A website operated by Wholesaler to facilitate orders from Authorized Retailers that requires the Authorized Retailers to obtain an account and log in to view Product listings and pricing information is not considered a Publicly Accessible Website.

2. Sales Practices. Wholesaler shall conduct its business in a reasonable and ethical manner at all times and shall not engage in any deceptive, misleading, or unethical practices or advertising at any time. Wholesaler shall not make any warranties or representations concerning the Products except as expressly authorized by Kaival. Wholesaler shall comply with all applicable laws, rules, regulations, and policies (a) applicable to Wholesaler's business and/or (b) related to the marketing and sale of the Products. This requirement includes any and all consumer safety- or consumer protection-related laws related to the advertising, marketing and selling of tobacco products, including, but not limited to the Tobacco 21 laws, any applicable Federal Drug Administration requirements, any state or local law requirements, the California Safe Drinking Water and Toxic Enforcement Act of 1986 (a.k.a. California Proposition 65), and the California's Stop Tobacco Access for Kids Enforcement Act (a.k.a. STAKE Act, including its requirement of heightened online age verification processes). Wholesaler shall represent the Products in a professional manner and

refrain from any conduct that is or could be detrimental to the reputation of Kaival or the Products. Wholesaler shall not advertise Products not carried in inventory. Wholesaler will not make any claim or inference in the sale or marketing of the Products that the Products are any of one or more of the following: (i) intended to diagnose, prevent, treat or cure any disease (including that the Products are therapeutic or any smoking cessation claims), (ii) to be used for other than vaping by those of legal age to purchase the Products, (iii) without risk, (iv) can lower the risk of disease, (v) provide less harmful effects, (vi) are free from any particular substance, and (vii) reduce exposure to a substance. Wholesaler will not obscure or remove any warning or other disclaimers in marketing materials provided to Wholesaler by Kaival. Wholesaler shall provide evidence of any legally required licensure to sell Products to Kaival upon request.

3. Product Care, Customer Service, and Other Quality Controls. Wholesaler shall comply with the Kaival Product Care, Customer Service, and Other Quality Controls, attached as Exhibit A, as Kaival may amend from time to time.

4. Intellectual Property.

(a) Wholesaler acknowledges and agrees that Kaival or its licensors own all proprietary rights in and to the Kaival and BIDI® brands, names, logos, trademarks, service marks, trade dress, copyrights, and other intellectual property related to the Products (the “Kaival IP”). Wholesaler is granted a limited, non-exclusive, non-transferable, revocable license to use the Kaival IP solely for purposes of marketing and selling the Products as set forth herein. This license will cease upon termination of Wholesaler’s status as an Authorized Wholesaler. All goodwill arising from Wholesaler’s use of the Kaival IP shall inure solely to the benefit of Kaival or its licensors.

(b) Wholesaler’s use of the Kaival IP shall be in accordance with any guidelines that may be provided by Kaival from time to time, including those at wholesale.bidivapor.com, and must be commercially reasonable as to the size, placement, and other manners of use. Kaival reserves the right to review and approve, in its sole discretion, Wholesaler’s use or intended use of the Kaival IP (including in advertising) at any time, without limitation. In marketing the Products, Wholesaler shall only use images of Products either supplied by or authorized by Kaival and shall ensure that all Product images and descriptions are accurate and up to date.

(c) Wholesaler shall not create, register, or use any domain name, social media screenname, or mobile application name that contains any Kaival product name or any trademark owned by or licensed to Kaival, nor a misspelling or confusingly similar variation of any Kaival product name or any trademark owned by or licensed to Kaival.

5. Termination. Kaival reserves the right to terminate Wholesaler’s status as an Authorized Wholesaler with written or electronic notice. Upon termination of a Wholesaler’s status as an Authorized Wholesaler, Wholesaler shall immediately cease (i) selling the Products; (ii) acting in any manner that may reasonably give the impression that Wholesaler is an Authorized Wholesaler of Kaival Products or has any affiliation whatsoever with Kaival; and (iii) using all Kaival IP.

6. Modification. Kaival reserves the right to update, amend, or modify this Wholesaler Policy at any time. Unless otherwise provided, such amendments will take effect immediately, and Wholesaler’s continued use, advertising, offering for sale, or sale of the Products, use of the Kaival

IP, or use of any other information or materials provided by Kaival to Wholesaler will be deemed Wholesaler's acceptance of the amendments.

EXHIBIT A

KAIVAL PRODUCT CARE, CUSTOMER SERVICE, AND OTHER QUALITY CONTROLS

1. Comply with all instructions provided by Kaival regarding the storage, handling, shipping, disposal, or other aspect of the Products, including instructions provided on Product labels. Store Products in a cool, dry place, away from direct sunlight, in sanitary conditions, and away from volatile conditions.
2. Sell Products in their original packaging. Relabeling, repackaging (including the separation of bundled Products or the bundling of Products with other Products or other consumable products), and other alterations to Products or their packaging are not permitted.
3. Do not remove, translate, or modify the contents of any label or literature on or accompanying the Products. Do not tamper with, deface, or otherwise alter any serial number, UPC code, batch or lot code, or other identifying information on Products or their packaging. Do not provide anyone free samples or Products.
4. Do not resell any Product that has been returned opened or repackaged.
5. Promptly upon receipt of the Products, inspect the Products and their packaging for damage, defect, broken seals, evidence of tampering, or other nonconformance (a “Defect”). If any Defect is identified, do not offer the Product for sale and promptly report the Defect to Kaival at 1-833-367-2434.
6. Inspect inventory regularly for expired or soon-to-be expired Products and do not sell any Products that are expired or that would expire prior to being fully consumed based upon the number of servings, as applicable. Manage inventory on a first-expired, first-out (“FEFO”) basis, or if FEFO is not applicable, on a first-in, first-out (“FIFO”) basis. Destroy or dispose of expired or soon-to-be expired Products in accordance with instructions provided by Kaival and applicable law.
7. Be familiar with the special features of all Products marketed for sale and obtain sufficient Product knowledge to advise Product purchasers on the selection, and safe use of the Products. Be available to respond to Product purchasers’ questions and concerns both before and after sale of the Products and respond to customer inquiries promptly.
9. Ensure that any third-party logistics provider engaged to store inventory or fulfill orders for the Products is aware of and complies with all Product quality controls and customer service standards described herein or otherwise conveyed by Kaival. Ensure that any such third-party logistics provider stores all inventory of Products segregated by seller such that no Products provided to the third-party logistics provider are commingled with those owned by any third party. Kaival reserves the right to request additional information regarding the use of third-party logistics providers and prompt provision of such information to Kaival is required. Cooperate with Kaival in investigating any concerns related to the Products that may relate to the use of a third-party logistics provider. Do not permit any third-party logistics provider to fulfill orders in any way that results in the shipped Product coming from Product inventory owned by a third party.

10. Cooperate with Kaival with respect to any Product tracking systems or anti-counterfeiting systems that may be implemented from time to time.
11. Cooperate with Kaival with respect to any Product recall or other consumer safety information dissemination efforts.
12. Report to Kaival any customer complaint or adverse claim regarding the Products and assist Kaival in investigating any such complaints or adverse claims.
13. Cooperate with Kaival in the investigation and resolution of any quality or customer service issues related to the sale of the Products, including disclosing information regarding Product sources, shipment, and handling.
14. Employ a commercially reasonable security program to avoid underage access to the Products and an age-verification process that complies with the law, and follow any policies regarding age-verification that Kaival may be published on wholesale.bidivapor.com or as reasonably requested by Kaival from time to time. Such processes include: (i) requiring government-issued identification cards to prove that a purchaser of the Products is of an age required by law before allowing any transaction, (ii) securing signatures upon delivery with a method designed to ensure that the Products are not delivered to a person under age requirements, (iii) using routine audits to prevent access by those under age, including employees, and (iv) establishing a hotline for sales to those under age, or direct callers to the Kaival hotline at 1-833-367-2434.
15. Monitor and control access to any storage facility in which Products are stored, and any such storage facility shall be equipped with appropriate technical and organizational measures to ensure security of the Product and protection against unauthorized access, theft and burglary.