



**KAIVAL BRANDS INNOVATIONS
GROUP, INC.**

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GRANT, FLORIDA 32949
TOLL FREE: 1-833-367-2434
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www.kaivalbrands.com

Dear Retailer,

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

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 and consumers through the sale of damaged and diverted products.

Your obligations under our new Authorized Reseller Program are outlined in the **Kaival Brands Innovations Group, Inc. Authorized Retailer Policy**, which is attached for your review.

Key Features of the Authorized Retailer Policy:

Where and to Whom You May Sell Kaival Products: Kaival is committed to maintaining the integrity of its authorized distribution channels and to stopping the diversion of Kaival products to unauthorized sellers. To this end, the Authorized Retailer Policy requires that you sell Kaival products solely to end users and not to persons or entities who intend to resell Kaival products. In addition, you may not market for sale or ship Kaival products outside of the United States without our prior written consent.

Online Sales: The Authorized Retailer Policy prohibits you from selling Kaival products online without Kaival’s prior written consent. This prohibition will be strictly enforced.

Ensuring Product Quality and Satisfaction: To ensure that the consumers who purchase Kaival products have the best experience possible, the Authorized Retailer Policy outlines our expectations for the service you will provide to your customers. The Authorized Retailer Policy also describes certain steps you must take to maintain the quality of Kaival products until they reach consumers.

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

Sincerely,

Kaival Brands Innovations Group, Inc.



KAIVAL AUTHORIZED RETAILER POLICY FOR THE UNITED STATES

Effective Date: September 1, 2023

This Kaival Authorized Retailer Policy for the United States (“Retailer Policy”) is issued by Kaival Brands Innovations Group, Inc. (“Kaival”) and applies to Authorized Retailers 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 or an Authorized Wholesaler for retail sale, you (“Retailer”) agree to adhere to the following terms. This Retailer Policy supplements any then-current retailer agreement between you and Kaival. Until such status is otherwise revoked by Kaival, in Kaival’s sole and absolute discretion, Retailer shall be considered an “Authorized Retailer.” Kaival may review Retailer’s activities for compliance with this Retailer Policy, and Retailer agrees to cooperate with any such investigation, including, but not limited to, permitting inspection of Retailer’s facilities and records related to the sale of the Products. In the event that any information provided by Retailer upon registering with Kaival or an Authorized Wholesaler is no longer correct (e.g., address), then Retailer shall promptly provide Kaival or the Authorized Wholesaler with the updated and correct information.

1. **Authorized Customers.** Retailer is authorized to sell Products only to End Users in the United States. 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. Retailer shall not sell or transfer Products to any person or entity Retailer knows or has reason to know intends to resell the Products. Retailer shall not sell or transfer a quantity of the Products to any individual greater than that typically purchased for personal use. Retailer shall not sell, ship, or promote the Products outside the United States of America without Kaival’s prior written consent.

2. **Online Sales.** Retailer shall not offer for sale or sell Products on or through any website, online marketplace (including, but not limited to, Amazon, eBay, Facebook Marketplace, Google Shopping, Kroger Marketplace, Target+, and Walmart Marketplace), mobile application, or other online forum without the prior written consent of Kaival.

3. **Sales Practices.** Retailer 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. Retailer shall not make any warranties or representations concerning the Products except as expressly authorized by Kaival. Retailer shall comply with all applicable laws, rules, regulations, and policies (a) applicable to Retailer’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). Retailer 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. Retailer shall not advertise Products not carried in inventory. Retailer 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. Retailer will not obscure or remove any warning or other disclaimers in marketing materials provided to Retailer by Kaival. Retailer shall provide evidence of any legally required licensure to sell Products to Kaival upon request.

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

5. **Intellectual Property.**

(a) Retailer 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”). Retailer 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 Retailer’s status as an Authorized Retailer. All goodwill arising from Retailer’s use of the Kaival IP shall inure solely to the benefit of Kaival or its licensors.

(b) Retailer’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, Retailer’s use or intended use of the Kaival IP (including in advertising) at any time, without limitation. In marketing the Products, Retailer 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) Retailer 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 Retailer product name or any trademark owned by or licensed to Kaival.

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

7. **Modification.** Kaival reserves the right to update, amend, or modify this Retailer Policy at any time. Unless otherwise provided, such amendments will take effect immediately, and Retailer’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 Retailer will be deemed Retailer'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.