

MASTER DISTRIBUTION AGREEMENT

This Master Distribution Agreement (the “Agreement”) is made and entered into as of January 1st, 2025 (the “Effective Date”) by and between PetPals Group, Inc. with its principal place of business at 1100 N. Hellman Ave., Ontario, California 91764 (hereafter “PetPals”), and _____ with its principal place of business at _____ (hereafter “Distributor”).

RECITALS

WHEREAS, PetPals designs, develops and manufactures various pet products and furniture (“Licensed Products”) under its PETPALS® trademark and owns certain intellectual property rights relating to its products;

WHEREAS, Distributor desires to acquire the Licensed Products from Distributor for further distribution and resale;

WHEREAS, PetPals and Distributor wish to enter into this Agreement to provide Distributor a license to acquire the Licensed Products from PetPals for Distributor’s non-exclusive distribution and resale in its designated territory, in accordance with the terms and conditions of this Agreement and in accordance with the terms of the FOB Sales Agreement (“Sales Agreement”) separately signed by the Parties and attached to this Agreement as Addendum 1. All schedules and addenda are incorporated into the Agreement. In the event of any conflict, the main body of the Agreement will govern.

NOW, THEREFORE, in consideration of the mutual promises or covenants contained in this Agreement, the sufficiency of which is acknowledged, the parties hereby agree as follows:

1. DEFINITIONS: In this Agreement, the following words shall have the following meanings unless the context requires otherwise:
 - a. “Confidential Information” means confidential or proprietary data or information of either party which is disclosed in oral, written, graphic, machine recognizable, sample or any other form, by one party to the other party and which is clearly designated, marked or orally identified as confidential or proprietary. Such confidential information includes documentation for the Licensed Products marked “confidential” or “proprietary,” non-public financial information or information related to new products, related patent applications, marketing plans and any other information marked as, disclosed as or known to be confidential.
 - b. “Intellectual Property” shall include, without limitation: (i) inventions and designs, whether or not patentable (in a utility or design patent), and any patents and patent applications; (ii) trademarks, service marks and other indications of origin and all goodwill associated therewith and applications and registrations pertaining thereto; (iii) copyrights in writings, designs, or other works, and all applications and registrations pertaining thereto; and (iv) trade secrets, confidential information, discoveries,

improvements, research and development, formulae, ideas, know-how, technology, business methods, processes and all other proprietary and intellectual property rights and information.

- c “Licensed Product(s)” means the pet product(s) developed and sold by PetPals.
 - d “PetPals Patents” means all rights, title and interest in the patented subject matter set forth in Schedule A, and any and all inventions, designs, applications and registrations pertaining thereto.
 - e “PetPals Trademark(s)” means all rights, title and interest to the trademark(s) set forth in Schedule B, trade dress, and all goodwill associated therewith, and any and all applications and registrations pertaining thereto.
 - f “Term” shall mean the period beginning on the Effective Date and continuing until terminated by either party as outlined in this Agreement, or upon the execution of a new agreement by both parties.
 - g “Territory” means the entire United States of America, including all states and territories, as the geographic region where PetPals grants Distributor a license to sell the Licensed Product.
2. LICENSE GRANT: During the Term of the Agreement, PetPals hereby grants to Distributor a non-exclusive license to market, promote, advertise, offer to sell, sell and distribute within the Territory the Licensed Products.
- a “To Make” and “Have Made” rights are not included in this Agreement. The license granted to Distributor herein does not include the right to manufacture, import, or have manufactured or imported by any third party, the Licensed Products or any other products covered by the PetPals Patents set forth in Schedule A, or the right to market, offer for sale, or sell Licensed Products outside the Territory. Distributor agrees that PetPals shall be its sole source for the Licensed Products during the Term.
 - b Subject to the terms set forth in Section 3, Distributor may use the PetPals Trademark(s) set forth in Schedule B solely in connection with the marketing, promotion, advertising, offer to sell, sale and distribution of the Licensed Products, provided that Distributor complies with all terms set forth in this Agreement.
 - c Sublicense: Distributor can use third parties to market, advertise, promote the Licensed Products within the Territory.
 - d Distributor agrees not to use, copy or otherwise exploit the Licensed Products except as expressly set forth in this Agreement. Without limiting the foregoing, Distributor agrees not to copy, modify or reverse engineer the Licensed Products.

3. INTELLECTUAL PROPERTY RIGHTS:

- a Distributor acknowledges and agrees that all rights, title and interest to the Intellectual Property, including the PetPals Patents, PetPals Trademark(s), trade dress, and all goodwill associated therewith, and any and all inventions, designs, applications and registrations pertaining thereto, are owned exclusively by PetPals and shall remain the property of PetPals.
 - b PetPals grants Distributor a limited, nonexclusive, nontransferable license to use the PetPals Trademark(s) solely in conjunction with Distributor's marketing, promotion, advertisement, offer to sell, sale and use of the Licensed Products within the Territory during the Term of the Agreement and for no other purpose. Distributor shall comply with all instructions and specifications regarding use of the PetPals Trademark(s) with regard to the quality, design and appearance of the PetPals Trademarks on the Licensed Product or any product packaging, instructions, advertising materials, Distributor's website or other materials. Any changes to the PetPals Trademark(s) appearance must be pre-approved in writing by PetPals. Distributor agrees not to use PetPals Trademark(s) in conjunction with any other trademark(s), products, or for any other purpose.
 - c The use of the PetPals Trademark(s) by Distributor shall, at all times, be in keeping with and seek to maintain its distinctiveness and reputation as reasonably required by PetPals and Distributor shall cease any use inconsistent therewith when required by PetPals to do so.
 - d Distributor agrees that it has no rights in or to PetPals Trademark(s) other than those granted in this Agreement. Distributor agrees that it will not register or attempt to register any PetPals Trademark, or confusingly similar trademark, trade dress or other Intellectual Property Rights in connection with the Licensed Products, or otherwise assert any rights in the PetPals Trademark(s) or any other PetPals Intellectual Property Right.
 - e Distributor shall promptly notify PetPals of any breaches of any of the Intellectual Property Rights of which Distributor becomes aware.
 - f Distributor shall not interfere with the Intellectual Property Rights of PetPals.
 - g No other license under any patent, copyright, trademark or other Intellectual Property Rights other than as explicitly set forth above are granted under this Agreement. All rights not specifically granted herein remain with PetPals.
4. MAP POLICY: PetPals has a minimum advertised price policy ("MAP Policy") as set forth in Schedule C to protect and maintain the image and integrity of the PetPals® brand, to protect resellers, and to allow effective selling and marketing of the Licensed Products in the marketplace. Distributor agrees to comply with the MAP Policy and not publish in any

advertisement or other form of media, including but not limited to catalogs, print ads, mailers, promotional fliers, email, billboards, radio, television, Internet (including banner ads, Google AdWords, internet ads, social media posts, websites, etc.), a price for any Licensed Product that is under the MAP Policy price ("MAP Price"). Distributor may sell the Licensed Products at any price it chooses. The MAP Policy applies only to advertised prices in any form of media.

- a PetPals may update the MAP Policy at any time by providing notice of an updated Schedule C to Distributor and such MAP Policy shall automatically take effect 30 days after the date of notice.
 - b Failure to comply with the MAP Policy may result, at PetPals' sole discretion, in suspension of shipments of Licensed Products to Distributor pending correction of the MAP violation and, if the violation is not cured within 30 days of notice of the violation, termination of this Agreement.
 - c Exception to MAP. Distributors may advertise Licensed Products at prices below the MAP Price in the calendar months of May, July, November and December in order to take advantage of peak promotion and sales periods.
5. CONFIDENTIALITY: Distributor agrees to use reasonable care and effort, and at least the same care as it uses to protect its own confidential information, to prevent unauthorized disclosure of PetPals's confidential information during and after the Term of this Agreement. Distributor shall not use or disclose such confidential information, directly or indirectly, to any person other than Distributor personnel who need the confidential information to perform Distributor's duties and obligations under this Agreement. Such personnel shall be instructed and obligated to keep all such confidential information secret.
6. INSURANCE: Prior to the execution of this Agreement, and throughout the performance of its obligations hereunder, Distributor shall maintain insurance at its expense, for itself and for its personnel and agents, including commercial general liability coverage (including coverage for Licensed Products, product packaging, and operations, broad form contractual, personal injury liability and broad form property damage).
7. INDEPENDENT CONTRACTOR: In the performance pursuant to this Agreement, Distributor shall be an independent contractor, and nothing contained herein shall be deemed to create any association, partnership, joint venture, or relationship of principal and agent or master and servant between the parties hereto or any affiliates or subsidiaries thereof, or to provide either party with the right, power or authority, whether express or implied, to create any duty or obligation on behalf of the other party. Distributor agrees that it will not hold itself out as an affiliate of, partner, joint ventures, co-principal or co-employer of PetPals or any of PetPals's affiliates by reason of this Agreement, and will not knowingly permit any of its employees or agents to hold themselves out as, or claim to be, officers or employees of PetPals or any of PetPals's affiliates.

8. REPRESENTATIONS AND WARRANTIES:

- a. Distributor hereby represents and warrants that it has the requisite power and authority to execute, deliver and perform this Agreement, and that this Agreement is a legal, valid and binding obligation of it, enforceable against it in accordance with its terms.
- b. Distributor represents and warrants that it shall perform its obligations in a professional, competent and timely manner, in compliance with all applicable laws, statutes, rules and regulations, and that it has the expertise, knowledge, ability, personnel and resources necessary, and will use commercially reasonable efforts, to market, promote, offer to sell, sell and distribute the Licensed Products in accordance with all the terms and conditions of this Agreement.
- c. Distributor represents and warrants that it will not incur any liability on behalf of PetPals nor in any way pledge or purport to pledge PetPals's credit or purport to make any contract binding on PetPals.
- d. Distributor represents and warrants that all components, if any, added to the Licensed Products shall be free from material defects in materials and workmanship.

9. INDEMNIFICATION:

- a. PetPals shall not have any liability to Distributor for, and Distributor shall indemnify, defend and hold harmless PetPals, and its affiliates, employees, agents, officers and directors against any and all claims, demands, proceedings at law or in equity, or suits brought by a third party, arising out of or in connection with: (i) the breach by Distributor of any obligation, representation, warranty or covenant of this Agreement; (ii) any alleged or actual defect in any component (other than the Licensed Products); or (iii) any act or omission of Distributor including but not limited to alterations of the Licensed Products by Distributor, and/or any representation or warranty made by Distributor concerning the Licensed Products to any third party outside the scope of the license; or (iv) any claim arising out of or related to any liability incurred by Distributor for the payment of any government tax, excise duty, sales tax, or any other fees in connection with Distributor's promotion, sale or distribution of the Licensed Products.
- b. In the event of a claim, demand or allegation resulting from Distributor's breach of any obligation, representation, warranty or covenant under this Agreement, Distributor shall pay to PetPals all damages, liabilities, costs and expenses (including attorneys' fees) incurred by PetPals as a result of any claim or breach hereunder.

10. LIMITATIONS ON LIABILITY.

- a. IN NO EVENT SHALL PETPALS' TOTAL LIABILITY IN CONNECTION WITH THIS AGREEMENT EXCEED THE AMOUNT PETPALS HAS BEEN PAID FOR

THE LICENSED PRODUCTS. IN NO EVENT SHALL PETPALS BE LIABLE TO DISTRIBUTOR FOR ANY SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OF ANY KIND OR NATURE WHATSOEVER (INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS, PROFITS OR OTHER ECONOMIC LOSS) ARISING OUT OF THIS AGREEMENT EVEN IF THE PARTY AGAINST WHOM SUCH DAMAGES ARE SOUGHT HAS BEEN ADVISED, HAD REASON TO KNOW, OR IN FACT KNEW OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING STATES PETPALS' ENTIRE LIABILITY TO DISTRIBUTOR UNDER THIS AGREEMENT.

- b The parties acknowledge and agree that the terms of this Agreement are based in substantial part on the provisions of this Section and that such limitations are unrelated, independent allocations of risk that form a material basis of this Agreement. ACCORDINGLY, THE PARTIES AGREE THAT IF ANY REMEDY HEREUNDER IS DETERMINED TO HAVE FAILED OF ITS ESSENTIAL PURPOSE, ALL LIMITATIONS OF LIABILITY AND EXCLUSIONS OF DAMAGES SET FORTH HEREIN SHALL REMAIN IN EFFECT.

11. TERM AND TERMINATION:

- a This Agreement shall be in effect beginning on the Effective Date (the "Term") and shall continue until terminated by either party in accordance with this Agreement's termination provisions, or upon the execution of a new agreement by both parties.
- b PetPals shall be entitled to terminate this Agreement immediately by providing written notice to Distributor on any of the following grounds: (i) Distributor materially breaches any provision, obligation, covenant, representation or warranty of this Agreement and fails to cure said breach within thirty (30) days of receipt of written notice of said breach; (ii) if Distributor is adjudicated insolvent or bankrupt, enters into a restructuring arrangement with its creditors, or petitions for relief as a debtor under any bankruptcy act; or (iii) Distributor has ceased to promote and sell the Licensed Products.
- c Upon expiration or termination of this Agreement, all licenses granted to Distributor hereunder shall terminate and the rights covered by those licenses shall automatically revert to PetPals.
- d The termination of this Agreement however arising will be without prejudice to the rights and duties of either party accrued prior to termination. The Sections in this Agreement which expressly or impliedly have effect after termination, including the parties' agreement and obligations concerning Intellectual Property, Indemnity and Confidentiality, will continue to be enforceable and survive termination of this Agreement.

12. EXCLUSIVITY AND NONINTERFERENCE:

- a To the extent not already provided in this Agreement, PetPals shall have the exclusive right to manufacture, have made, and import the Licensed Products. PetPals also has the exclusive right to grant licenses, at its sole discretion, to third parties to market, promote, advertise, offer to sell, sell and use the Licensed Products worldwide.
 - b Distributor covenants that, as herein provided, Distributor shall not, during the continuance of this Agreement, either on its own account or in conjunction with any third party, engage or be involved (either directly or indirectly) in manufacturing or importing the Licensed Product, or in marketing, promoting, advertising, offering for sale, selling or using the Licensed Products outside the Territory granted in the license in Section 3.
13. ASSIGNMENT: Except as expressly stated herein, Distributor may not assign, transfer or subcontract any part of this Agreement, any interest herein or claims hereunder, without the prior written consent of PetPals; provided, however, that Distributor may assign this Agreement in its entirety without the prior written consent of PetPals to a successor of its business that is not a direct competitor of PetPals in connection with a merger or change of control of Distributor or the sale of all or substantially all of its assets, provided that the successor agrees to be bound by all terms, representations, warranties and covenants of this Agreement.
14. MODIFICATIONS: No alteration or modification of this Agreement will be binding or effective unless in writing and signed by a duly authorized representative of each of PetPals and Distributor. All modifications must be sent to the parties pursuant to the provisions set forth in the Section titled "Notices".
15. NOTICES: All notices which are required or may be given pursuant to this Agreement shall be delivered as follows, and may be sent by email and certified mail or by a delivery service with document delivery to the addresses below:

To PetPals Group Inc.: 1100 N Hellman Ave, Ontario, CA 91764

To Distributor:

16. WAIVER:

- a No waiver by either party of a breach of any provision of this Agreement shall be deemed as a waiver of a prior or subsequent breach of the same or other provisions of this Agreement.
 - b No delay or failure by either party to exercise any rights or remedy provided for herein shall be deemed to be a waiver or relinquishment thereof.
17. SEVERABILITY: If any one or more of the provisions contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms and commercial effect to such invalid or unenforceable provision as may be possible and be valid and enforceable.
18. GOVERNING LAW: This Agreement and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of State of California. The parties hereto, their successors and assigns, consent to the jurisdiction of the courts of State of California with respect to any legal proceedings that may result from a dispute as to the interpretation or breach of any of the terms and conditions of this Agreement.
19. ENFORCEMENT. In the event of any litigation or other proceeding arising out of or related to this Agreement, the prevailing party, as between PetPals and Distributor, shall be entitled to recover its reasonable attorneys' fees and expenses, including out-of-pocket costs and expert fees.
20. MISCELLANEOUS: The captions used in this Agreement are inserted only for convenience of reference. Such captions shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement, nor shall captions otherwise be given any legal effect.
21. NO ADDITIONAL TERMS: Except as expressly permitted by this Agreement, neither party will be bound by, and each party specifically objects to, any term, condition or other provision that is different from or in addition to the provisions of this Agreement (whether or not it would materially alter this Agreement) that is proffered by the other party in any Purchase Order, receipt, acceptance, confirmation, correspondence or otherwise, unless each party specifically agrees to such provision in a signed writing.
22. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between the parties when executed by duly authorized signatories of PetPals and Distributor, and supersedes all other prior agreements, oral or written, and all other negotiations and communications between the parties relating to the subject matter described in this Agreement.

PETPALS GROUP, INC.

DISTRIBUTOR

By: *Cecilia Chen*

By: _____

Name: Cecilia Chen

Name: _____

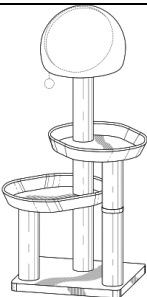
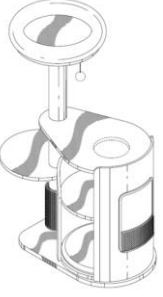
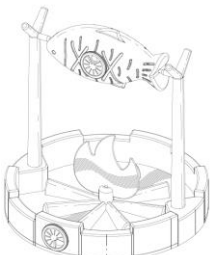
Title: E-Commerce Sales Specialist

Title: _____

Date 11/18/2024

Date: _____

Schedule A
(Patents)

Picture	Patent No.	Published Date	File Date
	D1,035,179	07/09/2024	12/16/2021
	D1,050,619	11/05/2024	07/07/2023
	DM/233345	04/22/2024	10/12/2023

Schedule B
(Trademarks)

Trademark	Reg./Appl. No.	Registration Date	File Date/First Use
PETPALS	7,194,539	10/17/2023	Filed: 09/12/2022 First Use: 01/31/2012
PETPALS MANUFACTURING GROUP	5,847,988	09/03/2019	Filed: 04/15/2017 First Use: 01/31/2012

Schedule C
(MAP Policy)

Petpals requires all Distributors to abide by Petpals' minimum advertised price policy ("MAP Policy") in order to protect and maintain the image and integrity of the PetPals® brand, protect resellers, and to allow effective selling and marketing of the Licensed Products. While Distributor may sell Licensed Products at any price, Distributor agrees not to publish or otherwise advertise a price in any form of media, including but not limited to catalogs, print ads, mailers, promotional fliers, email, billboards, radio, television, on-line (including banner ads, Google AdWords, internet ads, social media posts, websites, etc.), for the Licensed Products that is lower than the MAP prices listed in the current price list attached hereto and as updated pursuant to Section 4 of the Agreement. Notwithstanding the foregoing, Distributors may advertise Licensed Products for prices lower than shown on the MAP in the calendar months of May, July, November and December.

Addendum 1

(FOB Sales Agreement)

Not Applicable.