

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **January 18, 2022**

**SONOMA PHARMACEUTICALS, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-33216**  
(Commission  
File Number)

**68-0423298**  
(IRS Employer  
Identification No.)

**645 Molly Lane, Suite 150**  
**Woodstock, GA 30189**  
(Address of principal executive offices)  
(Zip Code)

**(800) 759-9305**  
(Registrant's telephone number, including area code)

**Not applicable.**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock	SNOA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 1.01 Entry into a Material Definitive Agreement.**

Effective January 19, 2022, we entered into a non-exclusive distribution agreement with Salus Medical, LLC for our Microcyn®-based dental, dermatology, wound and eye care products for an initial term of one year, subject to two one-year extensions.

Further, on January 18, 2022, we entered into an exclusive license and distribution agreement with Anlicare International for certain distribution rights. Pursuant to the agreement, Anlicare will obtain the necessary licenses to distribute our Microcyn-based dental and oral products in China and Macau at its expense. Further, Anlicare agreed to pay a royalty based on the completion of certain milestones. In return, we agreed to grant Anlicare exclusive rights for selling and distributing oral and dental care under their label in China and Macau for a term of five years from the date such licenses are approved. Should Anlicare fail to secure the regulatory licenses during the two-year period, the agreement will terminate.

The foregoing descriptions of the agreements are not complete and are qualified in their entirety by reference to the full text of the agreements, copies of which are filed herewith as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K and are incorporated herein by reference.

This report contains forward-looking statements. Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements related to our future activities or future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performances and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those risks discussed in our annual report on Form 10-K and in other documents that we file from time to time with the SEC. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, except as required by law.

**Item 9.01 Financial Statements and Exhibits.**

Exhibit No.	Description
10.1†*	<a href="#">Non-Exclusive Distribution and Supply Agreement between Sonoma Pharmaceuticals, Inc. and Salus Medical, LLC dated January 19, 2022.</a>
10.2†*	<a href="#">Exclusive License and Distribution Agreement between Sonoma Pharmaceuticals, Inc. and Anlicare International dated January 18, 2022.</a>

- † Certain portions of the Agreement have been omitted to preserve the confidentiality of such information. The Company will furnish copies of any such information to the SEC upon request.
- \* Some exhibits or schedules to the Agreement have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish copies of any such schedule or exhibit to the SEC upon request.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 20, 2022

**SONOMA PHARMACEUTICALS, INC.**

By: /s/ Amy Trombly

Name: Amy Trombly

Title: Chief Executive Officer

[Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.]

### Non-Exclusive Distribution and Supply Agreement

This Non-Exclusive Distribution and Supply Agreement is entered into as of January 19, 2022 (the "Effective Date") by and between Sonoma Pharmaceuticals, Inc., a Delaware corporation having a place of business at 645 Molly Ln, Suite 150, Woodstock, GA 30189 ("Supplier") and Salus Medical, LLC a Limited Liability Company, having a place of business at 2202 W Lone Cactus Dr #15, Phoenix, AZ 85027 ("Distributor").

Whereas, Supplier manufactures certain products based on the Proprietary Rights (as such term is defined below) and subject to the Label Claims as approved by the Government Authorities, which it is willing to supply to Distributor on the terms and subject to the conditions of this Agreement;

Whereas, as between Distributor and Supplier, all right, title and interest in and to Supplier's Proprietary Rights (as such term is defined below) related to the Products and Supplier's business remains with Supplier.

Whereas, Distributor wishes to obtain from Supplier non-exclusive rights to distribute the Products in the Territory through the Channels (as such term is defined below);

Now, Therefore, in consideration of the foregoing premises and the mutual promises and covenants set forth below, the Parties mutually agree as follows:

#### 1. Definitions.

"Affiliate" means, with respect to any person or entity (a) any other person or corporation directly or indirectly controlling, controlled by, or under common control with a Party to this Agreement, or (b) any partnership, joint venture or other entity directly or indirectly controlled by, controlling, or under common control with, a Party to this Agreement but in each case only for so long as such ownership or control shall continue. For purposes of this definition, the term "control" as applied to any person or entity means the possession, directly or indirectly, of the power to direct or cause the direction of the management of that person or entity, whether through ownership of voting securities or otherwise.

"Agreement" means this Non-Exclusive Distribution and Supply Agreement, as amended from time to time by both parties.

"Business Day" means a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the United States of America for the transaction of normal banking business.

"Channels" means direct sales to hospitals, dermatology clinics or dermatologists, plastic surgery centers, as well as to oral and dental physicians or clinics and pharmacy dispense. Online sales are solely permitted via Distributor's own website, not including third-party operated websites.

"Distribution Rights" shall have the meaning assigned to it under Section 2.1 of this Agreement.

"Effective Date" has the meaning ascribed thereto in the preamble.

"Field" means human dermatology, eye and dental care.

"Government Authority" means any federal, state or public authority, exercising governmental powers and having jurisdiction in connection with this Agreement; and all statutes, laws, ordinances, regulations, orders, decrees, permits, licenses, approvals, writs, process and rules issued thereby that may operate in connection with this Agreement in the Territory.

"Initial Term" shall have the meaning set forth in Section 10.1.

"Label Claims" means the label claims obtained for a Product and instructions for use as approved by the Government Authority or the Food and Drug Administration.

"Marketing Authorization" means the permit, authorization and/or license for the Products issued by the relevant health authorities in the Territory, the underlying applications thereto, and any supplements and amendments to such Government Authorizations that authorize the holder of such license to market and sell the Products in the Territory.

"Party" shall mean each of Supplier and Distributor.

"Permitted Use" means use in accordance with applicable Label Claims.

"Patents" means the patent(s) owned by Supplier.

"Patent Applications" means the patent application(s) filed by Supplier.

"Proprietary Rights" means the Trade Names, Trademark(s), Trademark Application(s), Patent(s), Patent Application(s), copyrights, trade secret rights and all other intellectual and industrial property rights of any sort related to the Product and Supplier's business.

"Product" means the hypochlorous-acid based products, in the volumes, and packaging specified on Attachment A of this Agreement. The Parties agree that they may, from time to time and by mutual written agreement, include new Products in such Attachment A; provided, however, that pricing must be agreed to by the Parties before adding any new Product to such Attachment A.

"Recall" shall have the meaning assigned to it under Section 7.3 of this Agreement.

"Subdistributor" means any third party appointed to act for Distributor in promoting, marketing, selling and distributing the Products in the Territory for the Permitted Use in the Field as permitted under Section 2.2 hereof.

“Term” means the Initial Term and any extension thereof pursuant to Section 10.1 hereof.

“Territory” means the United States.

“Trademark(s)” means the trademark application(s) filed by Supplier, any derivatives thereof, any other symbols related to the Products and all goodwill associated therewith.

“Trade Names” means any name under which Supplier markets a product or service or that Supplier uses in connection with its business.

## 2. Distribution Rights.

2.1 Non-Exclusive. On the terms and subject to the conditions of this Agreement, Supplier hereby appoints Distributor, and Distributor hereby accepts appointment as Supplier’s non-exclusive distributor of Products through the Channels in the Territory for sale for the Permitted Use in the Field in accordance with the terms of this Agreement (the “Distribution Rights”). Distributor may promote Products on its company website, however, Distributor may not promote, sell or distribute Products on third-party operated websites (e.g. Amazon). Distributor shall not have any right to, and shall not, promote, market, import, offer for sale, sell and/or distribute or use any Products outside of the Channels or outside of the Territory or for any use outside of the Field.

2.2 Limitation on Rights. The Distribution Rights are limited to, and may be exercised by Distributor and/or its permitted Subdistributor, solely for the purpose of promoting marketing, import, offering for sale, selling and/or distributing the Products for the Permitted Use, through the Channels, in the Field, in the Territory. Distributor may appoint Subdistributors, but only pursuant to written agreements with third parties reasonably acceptable to Supplier, which agreements shall contain obligations of the third party materially similar to the obligations of Distributor hereunder, and no less favorable to Supplier’s rights than the provisions contained in this Agreement. Any Subdistributor shall be subject to Supplier’s prior written approval which may be withdrawn in the event Subdistributor breaches any term of this Agreement. Distributor shall be liable to Supplier for acts or omissions of any Subdistributor not in conformity with the terms of this Agreement or any agreement between Distributor and any Subdistributor.

2.3 Limitation on Rights. The license granted in Section 2.1 is limited solely to distribution and sale of the Products, directly or indirectly through Subdistributors. Distributor shall have no right to distribute or sell Products outside the Channels. Distributor shall not have any right to and shall not export, market, sell or distribute any Products outside of the Territory or for any use outside of the Field.

## 3. Purchase Orders and Delivery.

3.1 Forecast. Within five (5) days after the Effective Date, and on the first day of each month, Distributor shall provide Supplier with a written non-binding rolling forecast, by month and by Product, of the quantities of Products Distributor expects Supplier to ship to Distributor for each month covered by the forecast.

3.2 Terms and Conditions. Purchase Orders by Distributor shall be subject to acceptance by Supplier at Woodstock, Georgia, or such other place(s) as may be designated by Supplier. Except as modified by this Agreement, all Purchase Orders shall be accepted subject to (a) a minimum purchase quantities specified in Attachment A, and (b) to the terms and conditions of Supplier’s Terms and Conditions of Sale (“General Terms and Conditions”), a copy of which is attached hereto as Attachment B and incorporated herein by reference. In the event of any inconsistency between the General Terms and Conditions and any provision of this Agreement, this Agreement shall be controlling.

3.3 Purchase Orders. Distributor shall submit to Supplier firm purchase orders for Products in writing (each, a “Purchase Order”) at least fifteen (15) calendar days before the delivery date requested by Distributor. Unless agreed to by Supplier, such quantity orders shall not be materially different from the quantities in Distributor’s forecast provided to Supplier pursuant to Section 3.1 above.

3.3.1 Each Purchase Order shall specify (i) Distributor’s order number; the quantity ordered per Product (the “Order Line Item”), (iii) the applicable purchase price per Order Line Item or a clear reference to the applicable price under this Agreement, and (iv) requested delivery date, which shall be at least fifteen (15) days after the date the Supplier receives the Purchase Order.

3.3.2 Each Purchase Order shall be subject to acceptance by Supplier. Upon receipt of any Purchase Order from Distributor, Supplier shall promptly notify Distributor in writing of its acceptance or rejection of the Purchase Order and, if rejected, of the reasons for its rejection.

3.3.3 Any Purchase Order submitted by Distributor and accepted by Supplier in writing shall be binding upon the Parties and may not be modified, rescinded or cancelled by either Party without the prior written consent of the other Party.

3.4 Shipment. Subject to the terms and conditions of this Agreement, Supplier shall use commercially reasonable efforts to fill (by full or partial shipment) Distributor’s orders for Products for the Territory. Distributor shall use its best efforts to purchase from Supplier at least the number of units that equals a full truck load. Shipping terms are F.O.B. from the Supplier.

3.5 Packaging and Labeling. Supplier shall be responsible for all packaging and labeling of Products purchased under the Agreement. Distributor shall not modify, alter, remove, or add to, or authorize Subdistributor or other third party to modify, alter, remove or add to, any labeling of any Product without the prior written consent of Supplier. Supplier shall have the right to modify the Product packaging and labeling at any time, including, without limitation, to address modifications required or suggested by the relevant Government Authority issuing the Market Authorization.

3.6 Residual Shelf Life. The Product supplied to the Distributor shall have a residual Shelf Life at the time of dispatch of 80% of the maximum shelf life for the Product.

3.7 Storage, Handling. Supplier has provided to Distributor all required shipping, storage and handling conditions for each Product, and Distributor shall comply with all such requirements.

4. Pricing and Payment.

- 4.1 Initial Fee. [\_\_\_\_\_] If Distributor requests any changes to labeling or packaging of the Product or the Marketing Authorization, Supplier may charge additional fees to cover any such costs and expenses.
- 4.2 Purchase Price. The current purchase price for each Product ("Purchase Price") is set forth on Attachment A.
- 4.3 Purchase Price Changes. Supplier will notify Distributor before raising the Purchase Prices, but Supplier shall have the right to increase Purchase Prices of Products at its discretion at any time.
- 4.4 Invoicing. Supplier shall invoice Distributor for Products on the date Supplier ships Products. Supplier shall invoice Distributor directly for all shipments by Supplier to any Subdistributor made at Distributor's request. Supplier's invoices are due and payable in U.S. Dollars within [\_\_\_\_\_] ([\_\_\_\_\_] days after the date of Supplier's invoice in accordance with the General Terms and Conditions, without deduction, suspension or set-off for any reason whatsoever. In the event of non-payment or late payments, Supplier reserves the right to change its payment terms or terminate this Agreement. In the event Supplier elects to change its payment terms, it will notify Distributor in writing.
- 4.5 Any undisputed balance remaining unpaid after the due date may be subject to a service charge of [\_\_\_\_\_] % per month until paid, but in no event shall such charge exceed the rate permitted by applicable law. Distributor's failure to make payments within [\_\_\_\_\_] ([\_\_\_\_\_] days of the date of invoice shall be deemed a material breach and default of this Agreement. If legal action or collection proceedings are necessary to enforce Distributor's payment obligations, Distributor shall be liable for Supplier's reasonable and necessary costs relating to invoice collection, including, all court costs, filing fees and attorney's fees.

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5. Marketing and Sales.

- 5.1 Marketing. Distributor agrees to use all commercially reasonable efforts to successfully promote and sell Products for the Permitted Use in the Field in the Territory in accordance with the Marketing Authorizations on a continuing basis. During the Term, Distributor agrees not to promote, market, distribute or sell any products that are competitive with the Products.
- 5.2 Compliance with Laws. Distributor agrees to ascertain and materially comply with all applicable laws and regulations and standards of industry or professional conduct in connection with the use, marketing, offer for sale, sale, distribution and promotion of the Products, including, without limitation, those applicable to exportation, importation, product claims, labeling, approvals, registrations and notifications.
- 5.3 Compliance with Label Claims, Etc. Distributor agrees to market the Products consistent with all applicable Label Claims. Distributor shall not, and shall cause its Affiliates not, to make any representations or warranties relating to the Products except for those approved by Supplier or on the label. Distributor agrees not to make, and agrees to cause its Subdistributors not to make, any representation or warranty, whether oral or in writing, regarding the Products that is not consistent with the Label Claims authorized for the Product in the Field in the Territory. Distributor will receive approval from the supplier of all claims and language used to describe the product.
- 5.4 Marketing Materials. Distributor shall supply all sales and marketing material in the Territory at its sole expense and, upon Supplier's request, shall obtain Supplier's approval before using any such material. Supplier shall not unreasonably withhold or delay this approval. Any sales and marketing materials not objected to in writing by Supplier within thirty (30) days, or such longer period as Supplier may reasonably request, after receipt by Supplier for review shall be deemed approved by Supplier. Supplier shall supply Distributor, as reasonably requested from time to time, with information required in order to prepare sales and marketing materials. Supplier will support the Distributor with a reasonable quantity of samples, brochures or additional marketing and/or promotional materials.
- 5.5 Government Contracts. Distributor shall not resell Products to any Governmental Authority or its respective agencies without express written approval from Supplier. Unless otherwise separately agreed to in writing between Supplier and Distributor, no provisions required in any US government contract or subcontract related thereto shall be a part of this Agreement, imposed on or binding on Supplier, and this Agreement is not deemed an acceptance of any government provisions that may be included or referenced in Distributor's request for quotation, Purchase Order, or any other document.

6. Intellectual Property.

- 6.1 No rights to Intellectual Property. Unless otherwise expressly set forth in this Section, this Agreement shall not be interpreted or construed to transfer, assign, license or grant to a Party or any third party any right to or under any patent, trade secret, trademark, trade name or other intellectual property right of the other Party.
- 6.2 Identification of Supplier Rights. Distributor shall properly identify and accurately describe all Products as products of Supplier. Distributor shall not alter, remove, deface or obscure any notice of any Proprietary Right on any Product and shall not add to any Product any other trade name, trademark or notice of any other person or entity without the prior written consent of Supplier. Distributor shall not rebottle or repackage any Product.
- 6.3 No Use of Supplier Trade Names and Trademarks. Neither Distributor nor any Distributor Affiliate or Subdistributor shall, either during the Term nor after expiration, termination or dissolution of this Agreement, use a company name (whether in its charter documents or otherwise) that includes the element "Oculus", "Sonoma" and / or Microcyn® (technology) or any other Trademark or Trade Name (collectively, "Supplier Marks") that is similar to or could be confused with any Supplier Mark. Neither Distributor nor any Subdistributor is authorized to license or permit any third party to use a name or trademark which includes a Supplier Mark or any word or words that is similar to, could be confused with, or is disparaging of any Supplier Mark. Distributor may use the name Microcyn® technology in marketing materials.

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- 6.4 Protection of Proprietary Rights. Distributor shall comply with all directives issued by Supplier respecting the use or protection of Supplier's Proprietary Rights and shall not use or suffer the use of any of the same in any manner which contravenes Supplier's directives or which otherwise may, in Supplier's opinion, tend to lessen the value thereof, or impair the goodwill or reputation of Supplier, of any Supplier Affiliate, and/or of its respective products and/or services. Distributor shall further refrain from reverse engineering or otherwise attempting to discern the trade secret information of the Product, nor will Distributor permit any third party to do any of the foregoing;

6.5 Assistance with Intellectual Property Matters. If requested by Supplier, Distributor shall assist Supplier in registering or otherwise protecting Supplier's Proprietary Rights within the Territory, all strictly in Supplier's name and for Supplier's benefit.

6.6 Notice of Infringement. Distributor shall immediately notify Supplier of any infringement, misuse, misappropriation, tort, unfair competition, passing off or violation relating to any Supplier Proprietary Right that comes to Distributor's attention. In the event of any such infringement, misuse, misappropriation, tort, unfair competition, passing off or violation relating to the activities of Distributor, any Subdistributor or any third party acquiring any Product directly or indirectly from Distributor or any Subdistributor, Distributor shall take all steps reasonably requested by Supplier to terminate any such infringement, misuse, misappropriation, tort, unfair competition, passing off or violation.

6.7 Proceedings. Supplier shall have exclusive control over the commencement, prosecution and settlement of any legal proceeding with respect to any infringement, misuse, misappropriation, tort, unfair competition, passing off or violation relating to any patent, trade secret, trademark, trade name or other Supplier Proprietary Rights. In connection with any such legal proceeding, Distributor shall provide such assistance related to such proceeding as Supplier may reasonably request; provided that Supplier shall reimburse the expenses reasonably incurred by Distributor in providing such assistance in accordance with Supplier's request for the same. Distributor shall not have any right to commence, prosecute or settle any legal proceeding with respect to any infringement, misuse, misappropriation, act of tort, unfair competition, passing off or violation relating to any Supplier Proprietary Rights.

## 7. Non-Conformities and Recall.

7.1 Non-Conformities. Upon delivery of the Products, Distributor shall inspect the Products and shall notify the Supplier promptly, and no later than ten (10) Business Days after the delivery date, by email or written communication delivered as provided herein, of any shortages or non-conformity of the delivered Products apparent from a visual inspection. Distributor shall include supporting evidence and documents reasonably acceptable to Supplier to support any such shortages or nonconformities. With respect to shortages or nonconformity discoverable by way of visual inspection, the Product shall be deemed to have been delivered in good saleable condition after expiry of said ten (10) Business Day period after the delivery date to Distributor.

Upon request of Supplier, Distributor shall make available to Supplier samples of the Products which Distributor believes to be defective. In case of non-conformity to the Marketing Authorization(s) of any quantity of the Product delivered pursuant hereto, Supplier shall replace, at its expense, the quantities concerned within twenty (20) Business Days from receipt of the relevant notice and supporting documentation from Distributor.

### 7.2 Traceability and Complaints.

7.2.1 During the Term, and for a period of 5 (five) years after the end of the Term Distributor shall keep and maintain records of all sales and other distributions of Products made by Distributor or its Subdistributors sufficient to effectively, efficiently and economically implement any Recall or investigation of any Product, but at a minimum containing information about:

- (i) Product description;
- (ii) Customer identification (name and location); and
- (iii) Shipping date.

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All complaints received by Distributor shall be communicated to Supplier within two (2) Business Days. All traceability information accompanied by the complaint shall be made available to Supplier.

7.2.2 Upon Supplier's request, Distributor shall make such records available to Supplier and otherwise cooperate as reasonably required to effectively, efficiently and economically implement any Recall or investigation.

7.3 Recalls. The Parties shall cooperate fully with one another in any of the following events involving a recall of Product resulting in a market withdrawal covered by this Agreement, including any correction, post-sale warning or mailing of information (the "Recall"):

7.3.1 A Recall is requested or ordered by Government Authority issued due to the Products not meeting the Label Claims or manufacturing related issues or Supplier requests a Recall for Product quality or manufacturing related issues;

7.3.2 A Recall is requested or ordered by a Government Authority issued due to off-Label promotion, illegal marketing or misrepresentation of Product quality; and

7.3.3 Any Recall other than those specified in Sections 7.3.1 and 7.3.2 above.

Each Party shall inform the other Party in writing on a reasonably timely basis in light of the events concerning any Product related issues that have the potential to result in a Recall in the Territory or elsewhere if impacting this Agreement. Supplier and Distributor and its Subdistributors shall further cooperate with one another using reasonable efforts and acting in good faith in conducting a Recall. The Parties will provide reasonable assistance to each other to investigate the root cause(s) related to a Recall subject to this Agreement.

The out-of-pocket costs and expenses incurred in connection with a Recall under subsection 7.3.1 shall be borne by Supplier; the out-of-pocket costs and expenses incurred in connection with a Recall under subsection 7.3.2 shall be borne by Distributor; the out-of-pocket costs and expenses incurred in connection with a Recall under subsection (7.3.3) shall be borne by Supplier and Distributor on a 50%-50% basis.

## 8. Confidentiality.

8.1 Confidential Information. All information disclosed or exchanged by the Parties under this Agreement, including all intellectual property related to the Products, shall constitute confidential information of the disclosing Party (the "Confidential Information"). Each Party agrees (i) to hold the other Party's Confidential Information in confidence and to take all reasonable precautions to protect such Confidential Information (including, without limitation, all precautions each Party employs with respect to its confidential materials, but in no case less than reasonable care), (ii) not to disclose such Confidential Information other than to its employees and agents who need to know such information and who are informed of the confidential nature of such information and bound by confidentiality and non-use obligations regarding such information, (iii) not to divulge any such Confidential Information or any information derived therefrom to any third person; provided, however, that if disclosure is required by a competent Government Authority, prior to such disclosure, the receiving Party shall give prompt written to the disclosing Party sufficient to allow the disclosing Party the opportunity to pursue its legal and equitable remedies regarding such potential disclosure, and the receiving Party shall (A) assert the confidential nature of the Confidential Information to the Government Authority; (B) seek an appropriate protective order and/or narrow the scope of such order to only that portion of the Confidential Information which is required by law to be disclosed; (C) use its reasonable best efforts to obtain confidential treatment for any Confidential Information that is so disclosed; and (D)

cooperate fully with the disclosing Party in protecting such disclosure; and (iv) not to remove or export from the United States and/or the Territory or re-export any such Confidential Information or any direct product thereof (e.g., Products by whomever made) unless expressly consented to in writing by the other Party and except in compliance with all licenses and approvals required under applicable local and foreign export laws and regulations. Any employee given access to any such Confidential Information must have a legitimate "need to know" and shall be similarly bound in writing. Without granting any right or license, the Parties agree that the foregoing sub-sections (i), (ii), (iii) and (iv) shall not apply with respect to information the other Party can document (W) is in or (through no improper action or inaction by the other Party, agent or employee enters) the public domain, or (X) was rightfully in its possession or known by it prior to receipt from the disclosing Party, or (Y) was rightfully disclosed to it by another person without a duty of confidentiality owed to the other Party, or (Z) was independently developed by it, by persons without access to such information and without use of any information of the other Party. Each Party must promptly notify the other Party of any information it believes comes within any circumstance listed in the immediately preceding sentence and will bear the burden of proving the existence of any such circumstance by clear and convincing evidence including contemporaneous written records. The Parties' obligations under this Section 8 shall terminate five (5) years after the termination or expiration of this Agreement. Distributor shall use the Confidential Information solely to promote, distribute, and sell the Product through the Channels for the Permitted Use in the Field in the Territory.

8.2 Return of Confidential Information. Immediately upon termination of this Agreement, at the written request of Supplier, Distributor will turn over, or shall cause to have turned over, to Supplier all Confidential Information received from the other Party and all documents or media containing any such Confidential Information, and any and all copies or extracts thereof.

8.3 Remedies; Equitable Relief. The Parties acknowledge and agree that due to the unique nature of their Confidential Information, there can be no adequate remedy at law for any breach of its obligations hereunder, that any such breach may allow the non-breaching Party or third parties to unfairly compete with the non-breaching Party resulting in irreparable harm to the non-breaching Party, and therefore, that upon any such breach or any threat thereof, the non-breaching Party shall be entitled to appropriate equitable relief in addition to whatever remedies it might have at law and to be indemnified by the breaching Party from any damages and expenses (including reasonable and documented attorney's fees), in connection with any breach or enforcement of each Party's obligations hereunder or the unauthorized use or release of any such Confidential Information. Each Party will notify the other in writing immediately upon the occurrence of any such unauthorized release or other breach. Any breach of this Section 8 will constitute a material breach of this Agreement.

9. Representations, Warranties, Indemnification and Insurance.

9.1 Supplier's Representations. Supplier hereby represents and warrants the following:

- (a) It is a corporation duly organized, validly existing and in good standing under the laws of Delaware;
- (b) It has the legal power and authority to enter into and be bound by the terms and conditions of this Agreement and to perform its obligations under this Agreement;
- (c) It has taken all necessary action to authorize the execution and delivery of this Agreement. This Agreement has been duly executed and delivered on behalf of it and constitutes a legal, valid, binding obligation, enforceable against it in accordance with its terms;
- (d) It is not subject to any legal, contractual or other restrictions, limitations or conditions which conflict with its rights and obligations under this Agreement or which might affect adversely its ability to perform under this Agreement;
- (e) To the best of its knowledge, there are no investigations, adverse third party allegations, claims or actions against it, including any proceedings or any pending or threatened action against it by or before any Government Authority, relating to the Product;
- (f) The execution and delivery of this Agreement will not (i) violate Supplier's charter documents or other organizational document, (ii) conflict with or result in a violation or breach of, or constitute a default under, any contract, agreement or instrument to which it is a party or by which it is bound, or (iii) violate or conflict with any law, rule, regulation, judgment, order or decree of any court applicable to it; and
- (g) Supplier represents and warrants that all Product will be manufactured in accordance with good manufacturing practices and when supplied will comply with the Label Claims.

9.2 Distributor's Representations. Distributor hereby represents and warrants the following:

- (a) It is a limited liability company duly organized, validly existing and in good standing under the laws of Arizona.
- (b) Its legal representative is empowered with the necessary sufficient authority to bind the Distributor under the terms hereof.

- (c) Distributor has taken all necessary action on its part to authorize the execution and delivery of this Agreement. This Agreement has been duly executed and delivered on behalf of Distributor and constitutes a legal, valid, binding obligation, enforceable against Distributor in accordance with its terms;
- (d) Distributor is not subject to any legal, contractual or other restrictions, limitations or conditions that conflict with its rights and obligations under this Agreement or that might affect adversely its ability to perform under this Agreement;
- (e) To the best of its knowledge, there are no investigations, adverse third party allegations, claims or actions against it, including any proceedings or any pending or threatened action against it by any Governmental Authority that may limit or in any manner affect the compliance by Distributor of the obligations undertaken hereunder;
- (f) The execution and delivery of this Agreement will not (i) violate the charter documents or other organizational documents of Distributor, (ii) conflict with or result in a violation or breach of, or constitute a default under, any contract, agreement or instrument to which Distributor is a party or by which it is bound, or (iii) violate or conflict with any law, rule, regulation, judgment, order or decree of any court applicable to Distributor;
- (g) As of the Effective Date, there are no claims pending or, to Distributor's knowledge, threatened against Distributor or any of its

Affiliates or Subdistributors by any third party, which might affect adversely its ability to perform under this Agreement. Distributor represents that it has not been notified of, nor does have knowledge of, any circumstances or set of circumstances that would put Distributor in any such situation;

(h) Distributor represents and warrants that the Product will be used, promoted, marketed, imported, offered for sale, sold and/or distributed in accordance with good practices and in material compliance with applicable law and Marketing Authorizations.

### 9.3 Mutual Representations.

9.3.1 The Parties understand and agree to comply with the U.S. Foreign Corrupt Practices Act, as revised, which prohibits the promise, payment or giving of anything of value, either directly or indirectly, to any government official for the purpose of obtaining or retaining business or any improper advantage. For purposes of this Section, "government official" means:

(a) any official, officer, representative, or employee of any non-U.S. government department, agency or instrumentality (including any government-owned or controlled commercial enterprise), or

(b) any official of a public international organization or political party or candidate for political office.

The Parties shall furthermore ensure that their Affiliates that have rights or obligations under this Agreement understand and agree to comply with the U.S. Foreign Corrupt Practices Act, as revised with regard to activities performed under this Agreement.

9.3.2 The Parties, their Affiliates and their shareholders are not engaged in or in any manner whatsoever related to illegal or illicit acts or activities and the financial resources used for the compliance of the obligations undertaken hereunder derive from legal activities and sources. The Parties further represent that they are in full compliance with all applicable laws, rules and regulations that are applicable to their activities.

9.4 Supplier Indemnification. Supplier hereby agrees to defend, hold harmless and indemnify Distributor and its agents, directors, officers and employees from and against any liability or loss or liability for any and all judgments, claims, causes of action, suits, proceedings, losses, damages, demands, fees, expenses, fines, penalties or costs (including reasonable attorney's fees, costs and disbursements) resulting from suits, claims, actions and demands, in each case brought by a third party arising out of: (a) a breach of any of Supplier's representations and warranties under Section 9.1 or 9.3 or of any warranty contained in the General Terms and Conditions, (b) any bodily harm or death caused by defects in materials or workmanship of Products, or on-label use of the Product, or (c) infringement, misuse, misappropriation, tort, unfair competition, passing off or violation by Supplier's Products or Supplier Marks of any patent, trade secret, trademark, trade name or other intellectual property right of any third party.

9.5 Distributor Indemnification. Distributor hereby agrees to defend, hold harmless and indemnify Supplier, its Affiliates, and their respective agents, directors, officers and employees from and against any liability or loss or liability for any and all judgments, claims, causes of actions, suits proceedings, losses, damages, demands, fees, expenses, fines, penalties or costs (including reasonable attorney's fees, costs, and disbursements), resulting from suits, claims, actions and demands, in each case brought by a third-party arising out of: (a) any breach of Distributor's obligations under this Agreement, (b) a breach of any of Distributor's representations and warranties under Section 9.2 or 9.3, (c) Product claims, representations or warranties, whether written or oral, made or alleged to be made by Distributor, Distributor's Subdistributor or any of their respective agents of in advertising, publicity, promotion or sale of any Product where such product claims, representations or warranties were not provided by or approved by Supplier or are inconsistent with the Label Claims, (d) any infringement, misuse, misappropriation or violation of any intellectual property right of any third party by any trademark or trade name of Distributor or any of its Subdistributors or agents, (e) off-label promotion, marketing sale or distribution of the Products and any bodily harm or death caused by the off-label promotion, marketing, sale or distribution of the Product by Distributor, or (f) negligent handling by Distributor or any its Subdistributors or their respective agents.

9.6 Insurance. Each Party agrees to maintain general commercial and product liability insurance consistent with industry standards for a product of this nature. Distributor shall provide Supplier with evidence of such coverage upon written request.

9.7 Warranties Disclaimer; Non-Reliance. EXCEPT FOR THE LIMITED EXPRESS WARRANTIES DESCRIBED IN SECTION 9.1, (A) NEITHER SUPPLIER NOR ANY PERSON ON SUPPLIER'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, INCLUDING ANY WARRANTIES OF: (i) MERCHANTABILITY; OR (ii) FITNESS FOR A PARTICULAR PURPOSE; OR (iii) TITLE; OR (iv) NON-INFRINGEMENT WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) DISTRIBUTOR ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION OR WARRANTY MADE BY SUPPLIER, OR ANY OTHER PERSON ON SUPPLIER'S BEHALF, EXCEPT AS SPECIFICALLY DESCRIBED IN SECTION 9.1 OF THIS AGREEMENT.

## 10. Term and Termination.

10.1 Term. The initial term of this Agreement shall be one (1) year from its Effective Date (the "Initial Term") shall be automatically renewed for two successive one-year terms without the need of any notice or modification, unless terminated by either Party as provided in this Section 10.

10.2 Termination by Either Party. Either Party may terminate this Agreement:

10.2.1 Upon [ ] ([ ]) days' written notice of material breach to the breaching party, which, if such breach is capable of cure, such breach is not cured in such [ ] ([ ]) day period; provided, however, that breach by Distributor of the provisions of Section 2 (Distribution Rights), Section 6 (Intellectual Property), or Section 8 (Confidentiality) shall not be capable of cure;

10.2.2 Immediately if the other party ceases to do business, or otherwise terminates its business operations;

10.2.3 Immediately if the other shall seek protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition, or comparable proceeding, or if any such proceeding is instituted against the other (and not dismissed within one hundred twenty (120) days; or

10.2.4 [ ] ([ ]) days for any reason by giving written notice to the other party.

10.2.5 In the event that the agreement is discontinued or terminated in accordance with the terms of this Agreement, Supplier has the discretion to purchase back any inventory or allow distributor to continue to sell existing inventory for a period of [ ] days.



10.3 Termination by Supplier. Supplier may terminate this Agreement upon [\_\_\_\_\_] ([\_\_\_\_\_] days' written notice to Distributor if the Distributor shall fail to promptly secure or renew any license, registration, permit, authorization or approval necessary for the conduct of its business in the manner contemplated by this Agreement, or if any such license, registration, permit, authorization, or approval is revoked or suspended and not reinstated within sixty (60) days or, in the sole determination of Supplier, Distributor is not making diligent efforts to effect such reinstatement.

10.4 No Liability. Neither Party shall incur any liability whatsoever for any damage, loss or expense of any kind suffered or incurred by the other (or for any compensation to the other) arising from or incident to any termination of this Agreement by such Party that complies with the terms of the Agreement whether or not such Party is aware of any such damage, loss or expense.

10.5 Survival. Except to the extent expressly provided to the contrary, the following provisions shall survive the termination of this Agreement: Sections 1, 6.7, 7.2, 8, 9.4, 9.5, 10.4, 10.5, 11 and Attachment C.

## 11. Miscellaneous.

11.1 Liability. Nothing in this Agreement shall be effective to limit or restrict any liability of any Party in respect of (i) death, personal injury, loss or claim resulting from fraud, gross negligence or willful misconduct as otherwise prohibited by law; or (ii) any fraudulent or negligent misrepresentation.

Subject to clauses (i) and (ii) above, the Parties will not be liable to the other for any punitive, incidental, special, indirect or consequential damages, including loss of profits, revenue or income, diminution in value or loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement.

The Parties acknowledge that monetary damages may be inadequate for a breach of this Agreement by any Party. Accordingly, the Parties agree that any other Party may seek the granting of injunctive relief as one of the remedies available to it in respect of any breach by any Party.

11.2 Entire Agreement. This Agreement, together with its Attachments, which by this reference are incorporated herein, contains the entire agreement of the Parties regarding the subject matter hereof and supersedes all prior agreements, understandings and negotiations regarding the same. This Agreement may not be modified or supplemented except by a written instrument signed by the Parties. Furthermore, it is the intention of the Parties that this Agreement shall be controlling over additional or different terms of any Purchase Order or similar Distributor document, even if accepted in writing by the Parties, and waivers and amendments shall be effective only if made by negotiated waiver agreements referencing this Agreement and clearly understood by the Parties to be an amendment or waiver

11.3 Severability. If any provision of this Agreement shall be held illegal or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

11.4 Further Assurances. Each Party hereto agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts as may be reasonably necessary or appropriate in order to carry out the purposes and intent of this Agreement.

11.5 Use of Party's Name. Except as provided in this Agreement, or right, express or implied, is granted by this Agreement to either Party to use in any manner the name or trademark of the other.

11.6 Assignment. This Agreement may not be assigned by either Party without the prior consent of the other Party (and any attempt to do so will be void), which consent shall not be unreasonably withheld, condition or delayed. Any attempted or purported assignment or transfer of rights infringe the provisions of this Section and shall be null and void.

11.7 Notices. All notices, consents, or approvals required by this Agreement shall be in writing sent by certified or registered mail, postage prepaid, or through a reputable expedited courier service, to the Parties at the addresses set forth in the preamble of this Agreement or such other addresses as may be designated in writing by the respective Parties. Notice shall be deemed effective on the date of confirmed receipt shown on the return receipt or on the third day following delivery to a reputable courier.

11.8 Relationship of the Parties. All Parties are independent contractors under this Agreement. Nothing contained in this Agreement is intended nor is to be construed so as to constitute Supplier and Distributor as partners, agents or joint venturers with respect to this Agreement. Neither Party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking with any third party.

11.9 Waiver. The waiver by either Party of a breach of any provisions contained herein shall be in writing and shall in no way be construed as a waiver of any subsequent breach of such provisions or the waiver of the provision itself.

11.10 Dispute Resolution and Applicable Law. Any dispute regarding this Agreement shall be governed by and construed in accordance with the law of the State of California, without regard to conflict of law principles. Each of the Parties hereby consents to the exclusive jurisdiction of the federal and state courts in Cherokee County, Georgia, U.S.A over any and all disputes arising hereunder. Further each of the Parties hereby expressly and irrevocably waives any claims or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue, forum non-conveniens or any similar basis.

11.11 Captions. Section captions are for convenience only and in no way are to be construed to define, limit or affect the construction or interpretation hereof.

11.12 Force Majeure. A Party shall not be liable for nonperformance or delay in performance (other than obligations regarding payment, confidentiality and Distribution Rights) caused by any event reasonably beyond the control of such Party including, but not limited to, wars, hostilities, revolutions, riots, civil commotion, national emergency, strikes, lockouts, epidemics, fire, flood, earthquake, force of nature, explosion, embargo, or any other Act of God, or any law, proclamation, regulation, ordinance, or other act or order of any court, government or governmental agency.

11.13 Counterparts. This Agreement may be executed in two or more counterparts, in original all of which shall be considered one and the same agreement, and all of which shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party.

**Distributor**

Salus Medical, LLC.

By: /s/ Hernan Alvarez \_\_\_\_\_

Name: Hernan Alvarez

Title: President

Date: 12/27/2021

**Supplier**

Sonoma Pharmaceuticals, Inc.

By: /s/ Amy Trombly \_\_\_\_\_

Name: Amy Trombly

Title: CEO

Date: 12/27/2021

**ATTACHMENTS**

Attachment A - Products and Pricing

Attachment B - Supplier's General Terms and Conditions

[Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.]

### EXCLUSIVE LICENSE AND DISTRIBUTION AGREEMENT

This Exclusive License and Distribution Agreement is made and entered into as of January 18, 2022 (hereinafter the “Effective Date”) by and between:

**Sonoma Pharmaceuticals, Inc.**, a company incorporated and existing under the laws of Delaware, USA, having its principal office at 645 Molly Lane, Suite 150, Woodstock, Georgia, 30189, United States of America,

hereinafter referred to as «SONOMA», on the one hand

and

**Anlicare International**, a private corporation duly incorporated and existing under the laws of Hong Kong, with its principal office at Unit 803, East Commercial Building 253-261, Hennessy Road Wanchai, Hong Kong,

hereinafter referred to as «ANLICARE», on the other hand.

SONOMA and ANLICARE are herein individually referred to as a “Party” and collectively referred to as “Parties”.

#### WHEREAS:

- A. SONOMA has developed proprietary technology and Know-How known as Microcyn® Technology, and, through its wholly-owned subsidiary, Oculus Technologies of Mexico, S.A. de C.V., manufactures the product described in Schedule 1 hereto (hereinafter referred to as the “Product”) and currently holds all rights to the Products, including in particular in the Territory.
- B. SONOMA currently markets the Product internationally and has obtained marketing authorizations for the Product in various countries for various indications.
- C. The Parties wish that ANLICARE seek regulatory approvals for the Products in the Dental Field and the Oral Field in the Territory.
- D. ANLICARE wishes that SONOMA grant to ANLICARE the exclusive right to package, purchase, import, distribute, sell and promote the Products under a private-label through the Channel in the Dental and Oral Field in the Territory;

Now, therefore, in consideration of the above and the mutual promises set forth below, SONOMA and ANLICARE agree as follows:

#### 1. INTERPRETATION AND DEFINITIONS

- 1.1 For the purposes of this Agreement or any notice, consent, authorization, direction or other communication required or permitted to be given hereunder, the singular shall include the plural and vice versa and the following expressions shall have the following meanings, respectively, unless the context otherwise requires:

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- (i) “Affiliate” means a company that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the company specified. For the purposes of this definition, control will mean the direct or indirect ownership of (a) in the case of corporate entities, securities authorized to cast more than fifty percent (50%) of the votes in any election of directors, (b) in the case of non-corporate entities, more than fifty percent (50%) ownership interest with the power to direct the management and policies of such non-corporate entity.
- (ii) “Business Day” means any day except Saturday, Sunday and statutory holidays, on which commercial banking institutions in Georgia, USA and P.R. China are open for business. Any reference in this Agreement to “day” whether or not capitalized will refer to a calendar day, not a Business Day.
- (iii) “Channel” means direct sales or indirect sales to retail outlets, wholesalers, dentists, dental specialists, oral and maxillofacial surgeons, dental clinics, dental schools. For the avoidance of doubt, online web sales will not be permitted.
- (iv) “Commercially Reasonable Efforts” means, with respect to the efforts to be expended by a Party in the performance of such Party’s obligations hereunder, the reasonable, diligent efforts to accomplish such objective as a similarly situated party in the pharmaceutical industry would normally use to accomplish a similar objective under similar license grants and circumstances.
- (v) “Confidential Information” means all secret, confidential or proprietary information or data, whether provided in written, oral, graphic, video, digital or other form, provided by one Party (the “Disclosing Party”) to the other Party (the “Receiving Party”) pursuant to this Agreement or generated pursuant to this Agreement, including but not limited to, information relating to the Disclosing Party’s existing or proposed research, development efforts, patent applications, promotional materials, ideas, strategies, clinical trials, quotations, development lists, formulae, manufacture processes, concepts, businesses plans, marketing data, scientific data, prototypes, samples, scientific and technical information, projects, processes, procedures, know-how, products, the terms of this Agreement and any other materials that have not been made available by the Disclosing Party to the general public, including all information disclosed during the negotiations preceding this Agreement. Notwithstanding the foregoing, Confidential Information will not include any information or materials that:
  - (a) were already known to the Receiving Party (other than under an obligation of confidentiality), at the time of disclosure by the Disclosing Party to the extent such Receiving Party has documentary evidence to that effect;
  - (b) were generally available to the public at the time of its disclosure to the Receiving Party;
  - (c) became generally available to the public or otherwise part of the public domain after its disclosure or development, as the case may be, and other than through any act or omission of a Party in breach of the confidentiality obligations under this Agreement;
  - (d) were subsequently lawfully disclosed to the Receiving Party by a Third Party who had no obligation not to disclose such information to others;

- (e) were independently discovered or developed by or on behalf of the Receiving Party without the use of the Confidential Information belonging to the other Party and the Receiving Party has documentary evidence to that effect; or
- (f) is approved for disclosure by the Disclosing Party in writing.

Information included in the Confidential Information shall not be deemed to be in the public domain or in the possession of either Party merely because the information is embraced by partial or generalized disclosures in the public domain, nor will a combination of information be deemed to fall within any of the exceptions set forth above simply because each of the elements is itself included within an exception if the significance of the combination does not fall within any of the exceptions;

- (vi) “Contract Year” means each consecutive 12 (twelve) months period during the term of this Agreement commencing on the Date of the Regulatory Approval.
- (vii) “Dental Field” means dental care and dental indications.
- (viii) “Distribute”, “Distributed” or “Distribution” means the import, storage, handling, transportation, sale, and offer for sale of Product.
- (ix) “ANLICARE Trademarks” means a trademark owned by ANLICARE and used or required to be used on the Packaging Materials and Marketing purposes for the Products pursuant this Agreement, applicable laws.
- (x) “Facility” means the Oculus Technologies of Mexico S.A. de C.V. facility in Industria Vidriera 81, Fraccionamiento Industrial Zapopan Norte, Zapopan, Jalisco, Mexico or any future manufacturing facility that SONOMA may establish.
- (xi) “Field” means the Dental and Oral Field.
- (xii) “Force Majeure Event” means any occurrence beyond the reasonable control of a Party that prevents or substantially interferes with the performance by the Party of any of its obligations hereunder (other than payment obligations), if such occurs by reason of any act of God, epidemics, pandemics, flood, fire, explosion, earthquake, strikes, out of the reasonable control of the affected Party, casualty or accident; or war, revolution, civil commotion, acts of public enemies, terrorist attack, blockage or embargo; or any injunction, law, order, proclamation, regulation, ordinance, demand or requirement of any government (to the extent such government has ruling authority over such Party) or of any subdivision, authority or representative of any such government; or other similar event, beyond the reasonable control of such Party.
- (xiii) “Governmental Authority” means any court, tribunal, arbitrator, agency, legislative body, commission, department, bureau, official or other entity of (a) any government of any country, (b) a federal, state, province, region, local, county, city or other political subdivision thereof, (c) any governmental or regulatory authority responsible for the grant of Regulatory Approval including, or (d) any supranational body, in each case exercising governmental powers and having jurisdiction in connection with this Agreement and action to be taken hereunder.
- (xiv) “Intellectual Property” shall mean any and all licenses, Know-How, rights to inventions (whether or not reduced to writing), patents (including patents of addition, substitutions, reissues, extensions, reexaminations, renewals, supplemental patent certificates, confirmation patents and registration patents), patent applications (including any provisionals, divisionals, continuations, continuations-in-part and substitutions thereof), designs, design applications and design registrations, trademarks, trademark applications, trademark registrations, trade names, trade dress, service marks, logos (whether registered or unregistered), copyrights, copyright applications, copyright registrations, and other intellectual property rights now or hereafter recognized anywhere in the world now or hereafter owned, held, prepared for or used by any of the Parties or any of its Affiliates.

- (xv) “Know-How” shall mean any data, results, technology, business information and other information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), software, algorithms, marketing reports, expertise, technology, test data (including pharmacological, biological, chemical, biochemical, toxicological, research, preclinical and clinical test data (including original patient report forms, investigator reports, clinical protocols, statistical analyses, expert opinions and reports)), manufacturing data (including, analytical and quality control data, stability data, other study data and procedures and other chemistry, manufacturing and control (CMC) data), safety or other adverse reaction files and complaint files, presentations and papers from academic meetings or market research, in each case, together with all supporting data and raw source data therefor, whether or not reduced to writing, now or hereafter owned by, in the possession of, known to or controlled by any the Parties or its Affiliates;
- (xvi) “Law” or “Laws” means the laws, statutes, rules, codes, regulations, orders, judgments and/or ordinances of a Governmental Authority, and any implementing legislation or other applicable laws promulgated by a Governmental Authority in the Territory, as any of the same may be amended from time-to-time, and directives, regulations, promulgations, guidance and guidelines promulgated thereunder having jurisdiction over or related to the development, registration, approval, manufacture, Marketing, Distribution and use of a Product in the Territory, as may be in effect from time-to-time.
- (xvii) “Market” or “Marketing” means activities directed to the marketing or promotion of Finished Product, including appropriate mailings, attendance and participation at industry meetings and congresses, general sales-force promotion, telesales, pre-marketing, advertising, educating and planning activities related to Finished Product. Marketing will not include any activities related to research, manufacture or development of a Product.
- (xviii) “Oral Field” means oral care and oral indications.
- (xix) “Packaging Materials” means the label, package insert and carton for the outer packs and all other packaging materials necessary for packaging Product.
- (xx) “Product” or “Products” means, collectively or individually as the context requires, those SONOMA products specified in Schedule 1 of this Agreement.
- (xxi) “Purchase Order” means each purchase order submitted by ANLICARE to SONOMA pursuant to Section 5.1(f) pursuant to which ANLICARE orders Product from SONOMA.

- (xxii) “Regulatory Approval” or “Regulatory Approvals” means all approvals (including, without limitation, where applicable, pricing approval), company and product registrations and renewals, authorizations, permits, licenses, filings, and certifications of any Governmental Authority required to be held by a Party for the use, Marketing and Distributing of a Product in the Territory, including without limitation, the Marketing Authorization.
- (xxiii) “Sonoma Trademark” means a Trademark owned by SONOMA and used or required to be on the Packaging Materials and Marketing purposes for the Product pursuant to this Agreement, applicable Laws, and shall include, without limitation, Microcyn, as listed in Schedule 2.
- (xxiv) “Territory” means P.R. China and Macau.

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- (xxv) “Third Party” means any person or company other than SONOMA, ANLICARE or their respective Affiliates.
- (xxvi) “Trademark” means a trademark owned by a Party and any related word, name, symbol, color, shape or designation or any combination thereof as well as any other word, name, symbol, color, shape or designation used in the performance by a Party of its obligations hereunder or in the operation of its business, including any service mark, trade name, brand name, sub-brand name, trade dress, product configuration, program name, delivery form name, certification mark, collective mark, logo, tagline, slogan, design or business symbol, that functions as an identifier of source or origin, whether or not registered and all statutory and common law rights therein and all registrations and applications therefor, together with all goodwill associated with, or symbolized by, any of the foregoing.

1.2 The following are the Schedules annexed to and incorporated in this Agreement by reference and deemed to be a part hereof:

- Schedule “1” - Products  
Schedule “2” - Trademarks  
Schedule “3” - Minimum Annual Purchase Amounts and Pricing  
Schedule “4” - Royalty Payments

## 2. GRANT of RIGHTS

- 2.1 Under the terms and conditions hereinafter set out, SONOMA hereby grants to ANLICARE the exclusive right during the term of this Agreement, subject to ANLICARE meeting its Minimum Annual Purchase Amounts and payment of the Royalty during the Term of this Agreement:
- (a) to purchase the Product from SONOMA for import into the Territory at mutually agreed-upon prices;
- (b) to package, label, promote, Market, sell and distribute private-label products using the Product in accordance with the Regulatory Approvals through the Channels in the Field in the Territory.
- 2.2 ANLICARE may utilize its Affiliates and Third Party sub-distributors, subject to prior written approval of SONOMA which shall not be unreasonably withheld, and provided that ANLICARE remains liable for all the work, acts and omissions of its Affiliates and sub-distributors, including compliance with the terms of this Agreement. No use of Affiliates or subcontractors will release ANLICARE from its responsibilities and liabilities under this Agreement including, but not limited to, its indemnification obligations.
- 2.3 ANLICARE shall not have the right to actively, and shall not actively, import, Market, sell, Distribute or use, or authorize any sub-distributor or Third Party to import, Market, sell, Distribute or use any Product outside of the Territory or for any use outside of the Field, especially for sales through websites. If SONOMA or ANLICARE become aware of Product sold outside of the Territory, ANLICARE will take prompt action to stop such sales. Ongoing sales outside of the Territory in any form, including online sales, will be considered a breach of this Agreement

## 3. EXCLUSIVITY

- 3.1 SONOMA hereby appoints ANLICARE, and ANLICARE hereby accepts appointment, as SONOMA’s exclusive and sole importer, handler, storer, seller, distributor and promoter of the Product solely for the purpose of Marketing, Distributing and Selling the Product in the Territory for use in the Field as provided in this Agreement and shall grant to ANLICARE an exclusive license to use SONOMA’s Intellectual Property and Know How related to the Product solely to the extent required for ANLICARE to Market the Product through the Channel in the Territory for use in the Field. ANLICARE acknowledges and agrees that this Section does not grant to ANLICARE any license or rights, whether express or implied, to any trade secret owned by SONOMA. In addition, for the purposes of Marketing as provided in this Section, ANLICARE shall only be entitled to use the Intellectual Properties and Know How disclosed by SONOMA for this purpose.

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- 3.2 ANLICARE shall not have any right to and shall not import, export, Market, Distribute, obtain Regulatory Approval or use any Product outside of the Territory or for any use outside the Field, or solicit any Third Party to maintain offices, storage depots, etc. outside the Territory with the intention to Market, Distribute, import, export, sell or obtain Regulatory Approval for a hypochlorous-based product; or (ii) to duplicate, reverse engineer, modify or adapt (A) Product, or (B) any documentation provided by SONOMA, without SONOMA’s prior written consent.
- 3.3 ANLICARE warrants that: (i) it has and will maintain an adequate organization for the fulfilment of its obligations under this Agreement; and (ii) it is an independent Party assuming the risks of its own activity and nothing contained herein will be construed to create an agency, partnership, employment or joint venture relationship between SONOMA and ANLICARE.

## 4. REGULATORY APPROVALS

- 4.1 ANLICARE shall use its best efforts to obtain Regulatory Approvals for the Product in the Dental and Oral Field in the Territory from the applicable Governmental Authority at its sole expense, including but not limited to, testing fees, filing fees, expenses for studies and regulatory submissions.

- 4.2 SONOMA shall provide reasonable support to ANLICARE to obtain Regulatory approvals.
- 4.3 ANLICARE shall submit copies of any test or study results, the regulatory application, correspondence with Governmental Authorities and the Regulatory Approvals to Sonoma without undue delay.
- 4.4 If ANLICARE fails to obtain the Regulatory Approvals specified in Section 4.1 within two (2) years from the Effective Date of this Agreement, the Agreement shall automatically terminate on the two-year anniversary of the Agreement. In this case SONOMA shall not be required to return any Royalty due or paid by ANLICARE and has a right to keep any documents obtained from ANLICARE under Section 4.3.
- 4.5 From the date the Regulatory Approval is obtained for either the Dental Field or the Oral Field (the respective "Date of Regulatory Approval"), ANLICARE shall be permitted to sell and Distribute the Product in accordance with this Agreement.

## 5. MINIMUM PURCHASE AMOUNT

- 5.1 ANLICARE shall purchase at a minimum such quantity of Products in each Contract Year stated in Schedule 3 of this Agreement.
- 5.2 In the event that ANLICARE fails to make purchases of Products at least equal to the Minimum Annual Purchase Amount set forth in Schedule 3, ANLICARE shall have up to [ ] days to make Product purchases equal to the difference between the Minimum Annual Purchase Amount for the applicable Contract Year and the amount actually received by SONOMA in such Contract Year (the "Deficit Amount"), in which case the Deficit Amount shall be counted for the preceding Contract Year, and shall not be counted for the then current Contract Year in which it is paid.
- 5.3 If ANLICARE fails to purchase the current Minimum Purchase Amount in the following Contract Year with the addition of the Deficit Amount of the preceding Contract Year, this Agreement shall automatically become non-exclusive. Revocation of exclusivity of this Agreement shall be SONOMA's exclusive remedy under this Agreement for failure to purchase the Minimum Purchase Amounts.

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## 6. TERMS OF IMPORTATION, PURCHASE AND SUPPLY

- 6.1 During the Term of this Agreement, ANLICARE shall:
- (a) Purchase its requirements of the Product from SONOMA at the prices set out in Schedule 3 hereto;
  - (b) At all times have suitable resources and shall hold all administrative permits to register, import, handle, store, Market and Distribute the Product in the Territory. Costs for licenses and permits necessary to import, Market, Distribute the Product as well as taxes, duties, levies and other charges in the Territory shall be borne by ANLICARE;
  - (c) Provide SONOMA with a non-binding rolling forecast, broken down by month, of its estimated requirements of Product for the next 15 (fifteen) months (the "Forecast") within thirty (30) days of the end of each Contract Year;
  - (d) Provide SONOMA with a Purchase Order for the Product specifying (i) the quantity of Products and (ii) desired delivery date, which shall not be less than [ ] ([ ]) days prior to the desired delivery date. Each Purchase Order shall specify such date and the quantities of the Product ordered. The Parties can agree a shorter delivery date for any single Purchase Order only if SONOMA accepts such Purchase Order in writing, and, if so accepted by SONOMA, such delivery time will supersede the [ ] ([ ]) day delivery time for such Purchase Order;
  - (e) Handle and store all Products in good condition and in compliance with the applicable Laws, regulations and specific handling and storage instructions provided by SONOMA until their resale to customers;
  - (f) Using its best efforts to Market and Distribute the Product bearing the appropriate Packaging Materials in compliance with the Regulatory Approvals and all applicable Laws in force in the Territory;
  - (g) Refrain, without SONOMA's prior written consent, from modifying, using or disposing of the Product for any purpose other than the purpose permitted hereunder or by applicable Law, nor allowing a Sub Distributor or Third Party to modify, use or dispose the Product for any purpose other than the purpose permitted hereunder or by applicable Law;
  - (h) Monitor and control the stocks of the Product and comply with all applicable Laws as well as any specific instructions for the Product. ANLICARE bears the risk for expired Product delivered in accordance with the agreed shelf-life;
  - (i) Keep and maintain records of all sales and other distributions of Product made by ANLICARE or its Sub Distributors sufficient to effectively, efficiently, and economically implement any recall of any Product. Upon SONOMA's request, ANLICARE shall make such records available to SONOMA and otherwise cooperate as reasonably required to implement any recall;
  - (j) Immediately inform SONOMA of any recall required by applicable Laws or Governmental Authority;
  - (k) Immediately inspect the Product within ten (10) days of receipt. ANLICARE will be deemed to have accepted the Product unless it notifies SONOMA by email or in writing of any nonconformity during the inspection period and furnishes such written evidence or other documentation as reasonably required by SONOMA;

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- (l) Maintain sufficient Product liability insurance;
- (m) Conduct its business in accordance with all applicable Laws, including without limitation, applicable export and import Laws and regulations;

- (n) Refrain from reverse engineering or otherwise attempting to discern the trade secret information of the Product, nor will ANLCARE permit any Third Party to do any of the foregoing; and
- (o) Permit SONOMA or a person designated by SONOMA, upon reasonable advance notice, to audit storage facilities, processes and related procedures used by ANLCARE.

6.2 During the term of this Agreement, SONOMA shall:

- (a) Within 10 (ten) business days from the receipt of each Purchase Order, accept in writing to ANLCARE the respective Purchase Order. If a Purchase Order exceeds the amount forecasted for the relevant month in the Forecast, SONOMA may accept all or part of the amount ordered exceeds the Forecast amount. SONOMA shall not be entitled to reject any Purchase Order, as long as the Purchase Order is consistent with the agreed Forecast and complies with Section 6.1(c) above. If SONOMA does not expressly accept or reject the Purchase Order within the aforementioned period, the Purchase Order shall be deemed accepted as to the amount that is consistent with the Forecast, and the delivery date shall be [ ] ([ ]) days from the date of receipt of such Order. Any variation to this commitment will be managed by exception and agreed, in good faith, between the Parties. The quantities to be delivered by SONOMA shall not vary more than [ ]% ([ ] percent) from the quantities ordered or ANLCARE shall be entitled to reject delivery, and all costs and expenses, including taxes, duties and levies, for the return of the rejected quantities shall be borne by SONOMA.
- (b) Tender the ordered Product to the forwarding agent appointed by ANLCARE on the confirmed date of delivery pursuant to Section 6.1(d) above. All shipment of Product shall be Ex-works, at the Facility located at Industria Vidriera 81, Fraccionamiento Industrial Zapopan Norte, Zapopan, Jalisco, Mexico (INCOTERMS 2010) or any other manufacturing facility that SONOMA may establish. Title and risk of loss passes to ANLCARE upon delivery of the Product in accordance with this Section. As collateral security for the payment of the purchase price of the Product, ANLCARE hereby grants to SONOMA a lien on and security interest in and to all of the right, title, and interest of Buyer in, to and under the Product, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this provision constitutes a purchase money security interest under the Georgia Uniform Commercial Code.
- (c) Warrant to ANLCARE that the Product sold to ANLCARE under this Agreement shall, when delivered to ANLCARE, meet the then effective and agreed upon specifications and shall be free from defects in design, materials and workmanship. THIS WARRANTY SHALL BE EXCLUSIVE AND IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED (INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS). THE REMEDIES SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ANY AND ALL REMEDIES FOR ANY BREACH OF SONOMA'S REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS PARAGRAPH.
- (d) Replace Product at SONOMA's own expense and as soon as possible after receipt of a written claim from ANLCARE which shall include such evidence or documentation reasonably appropriate:
  - i. subject to such claim being made within no more than 30 (thirty) days after delivery by SONOMA of the Product in question as provided in Section 6.2(a) all quantities of the Product which are in shortage and/or present any visible defect and/or fails to comply with the warranty set forth in Section 6.2(c).

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- ii. for all quantities of the Product with defects that are not in conformity with this Agreement that are not readily discoverable within 30 (thirty) days (the "Latent Defects") ANLCARE shall promptly notify SONOMA of any Latent Defects, but not later than 10 (ten) days after the date of discovery.
- iii. should any dispute arise between the Parties in relation to the conformity of any batch of the Product delivered to ANLCARE, either Party shall be entitled to refer such batch to an independent expert who shall be appointed by mutual consent of both Parties and whose decision, which shall be made within fifteen (15) days from the appointment, shall be binding and enforceable upon both Parties, and the costs and fees of such expert and the transportation costs of the Product shall be borne by the Party whose views shall not be upheld by the expert's decision.
- iv. Other than the foregoing, SONOMA shall not be required to accept any returns of any Product.

- (e) Warrant to ANLCARE that the Product does not infringe any Third Party rights whether it be by importing, storing, selling, marketing or promoting the Product in the Territory.

## 7. TERMS OF DISTRIBUTION of the PRODUCT

7.1 ANLCARE shall Market, distribute and sell the Product to customers through the Channel for use in the Field in the Territory on its own account.

7.2 During the term of this Agreement, ANLCARE agrees that it shall:

- (a) Package and label all final customer Product in accordance with the Regulatory Approval.
- (b) Make Commercially Reasonable Efforts to promote and continue promoting the Product in the Territory, using techniques and methods admissible and customary for the Marketing of Products through the Channels in the Field in the Territory.
- (c) (i) use Commercially Reasonable Efforts to monitor and inform SONOMA as soon as it becomes aware of any change in the Laws and regulations applicable to the Marketing or Distribution of the Product as well as to the Regulatory Approvals in the Territory, and (ii) promptly notify SONOMA of any decision from the competent Governmental Authorities to suspend or discontinue the sale of the Product in the Territory and/or to recall the Product from the market in the Territory;
- (d) Refrain from, and cause its Affiliates and Sub Distributors to refrain from, Marketing and Distributing any hypochlorous-based product in the Field, regardless of strength or form during the Term of this Agreement and for a period of three (3) years thereafter.
- (e) Promptly inform SONOMA of any adverse event to the Product occurring in the Territory of which ANLCARE is notified or becomes aware of.

7.3 During the term of this Agreement, SONOMA agrees that it shall:

- (a) Provide ANLICARE, free of any payment, with such data already in SONOMA's possession relating to the Product as shall be reasonable for Marketing the Product in the Territory;
- (b) Inform ANLICARE of adverse reaction to the Product occurring outside the Territory and known to SONOMA;

- (c) Maintain, during the Term of this Agreement all applicable licenses, permits, authorizations and GMP certificates necessary to manufacture and sell the Products as provided herein, with the exception of the Regulatory Approvals which shall be the sole responsibility of ANLICARE.

## 8. PAYMENT and PRICING

- 8.1 For the right to be the exclusive Distributor for the Territory, ANLICARE shall pay to SONOMA a royalty of USD [ ] as specified in Schedule 4.
- 8.2 For each Purchase Order, ANLICARE shall pay to SONOMA the prices set out in Schedule 3 hereto, subject to the adjustment set out in Schedules 8.3 and 8.4.
- 8.3 If a tariff, tax, duty or other fee (the "Tariff") is imposed on the delivery any of the Products to ANLICARE, the prices shall increase by the actual cost of such Tariff.
- 8.4 On each anniversary of the Effective Date, the Parties shall renegotiate the Product prices within [ ] ([ ]) calendar days in good faith. The Product price shall be increased or decreased for (a) any change in actual cost of goods produced, (b) by the percentage change based on [ ], respectively, and (c) the actual cost of any Tariff or other tax imposed on SONOMA if not already applied pursuant to Section 8.3.
- 8.5 All prices are exclusive of any taxes, shipping expenses, and insurance. ANLICARE shall pay to SONOMA the prices by wire transfer within [ ] ([ ]) days after each Product delivery date. SONOMA shall have the right to charge ANLICARE interest on late payments. Interest shall accrue at a rate of [ ]% on an annual basis. Should SONOMA need to take action to collect past due amounts, ANLICARE shall reimburse SONOMA for any actual expenses incurred in the collection, including reasonable attorney's fees.

## 9. INTELLECTUAL PROPERTY

- 9.1 SONOMA shall be the owner of, and hereby reserves, any and all Intellectual Property rights with respect to the Product. ANLICARE shall not alter, remove, deface or obscure any Intellectual Property rights of SONOMA.
- 9.2 SONOMA reserves any and all rights that it may have in any of SONOMA's names, logos and other trademarks of the Product or are otherwise used in connection with the Marketing or Distribution of the Product.
- 9.3 ANLICARE shall immediately inform SONOMA of any infringement, misuse, misappropriation or violation of any Intellectual Property right of SONOMA of which it becomes aware. In the event of any such infringement, misuse, misappropriation or violation relating to the activities of ANLICARE, an approved Sub Distributor or any Third Party acquiring Product from ANLICARE, ANLICARE shall take all steps reasonably necessary to terminate such infringement, misuse, misappropriation or violation but excluding any right or obligation to initiate any legal proceedings. SONOMA shall have the exclusive right to commence, prosecute and settle any legal proceedings to enforce, recover damages on account of or obtain other relief with respect to any infringement, misuse, misappropriation or violation of its Intellectual Property. In connection with any such legal proceeding in the Territory, ANLICARE shall provide such assistance as SONOMA may reasonably request, including, without limitation, in enforcing any judgment, settlement, award or order; provided that SONOMA shall reimburse ANLICARE for any expenses reasonably incurred by ANLICARE to provide such assistance. ANLICARE shall not have any right to commence, prosecute and settle any legal proceedings to enforce, recover damages on account of or obtain other relief with respect to any infringement, misuse, misappropriation or violation of SONOMA's Intellectual Property.

## 10. TERM and TERMINATION

- 10.1 This Agreement shall enter into force on the Effective Date hereof and shall continue, subject to the provisions of this Section 10, for a period of five (5) years from the Date of Regulatory Approval ("Initial Term"). The Initial Term may be extended through written amendments executed between the Parties. Neither Party shall be entitled to make any claim or present any legal challenge as a result of the expiration or non-renewal of this Agreement under the provisions of this Section 10.1.
- 10.2 This Agreement shall be subject to early termination:
  - (a) Pursuant to Section 4.4, if ANLICARE fails to obtain the Regulatory Approvals specified in Section 4.1 within two (2) years from the Effective Date of this Agreement, the Agreement shall automatically terminate on the two-year anniversary of the Agreement. In this case SONOMA shall not be required to return any Royalty due or paid by ANLICARE and has a right to keep any documents obtained from ANLICARE under Section 4.3.
  - (b) After the Regulatory Approvals have been obtained, by either Party upon advance written notice to the other Party if the other Party is in material breach of any of its obligations hereunder for reasons other than Force Majeure and, if such breach is curable, fails to remedy such breach at the end of a period of [ ] ([ ]) days after receipt of formal notice of breach and demand to cure such breach.
  - (c) By either Party upon advance written notice to the other Party if (a) the other Party is placed in voluntary or compulsory liquidation or falls into bankruptcy or ceases its activities for any reason or (b) the other Party is prevented, in full or in material part, from performing any of its obligations hereunder for reasons of a Force Majeure Event for a period of three (3) consecutive months.
  - (d) After the Regulatory Approvals have been obtained, by either Party (i) if both parties fail to reach an agreement upon mutually acceptable revised prices for the Product pursuant to Section 8.4, or (ii) in the event that any Governmental Authority takes any action or raises any objection, that prevents SONOMA from supplying and/or exporting the Product into the Territory in which case, before termination, the Parties shall use commercially diligent efforts to remove the objections, or agree to amend this Agreement.



(e) By SONOMA with immediate effect upon written notice (i) in the event of any unauthorized use of SONOMA's technical information or Confidential Information, or (ii) in the event of a Change of Control of ANLICARE.

10.3 This Agreement shall automatically become non-exclusive (i) in the event that ANLICARE fails to make purchases of Products at least equal to the Minimum Annual Purchase Amount in any Contract Year and to make Product purchases equal at least the Deficit Amount in the [ ] ([ ]) days following the end of such Contract Year as provided in Section 5.3; (ii) if [ ] ([ ]) consecutive payments from ANLICARE to SONOMA are delayed by more than [ ] ([ ]) days after the due date and such payments are not made within [ ] ([ ]) days of receipt of SONOMA's written notice to ANLICARE in respect thereto; (iii) if [ ] ([ ]) payment of the Royalty from ANLICARE to SONOMA is delayed by more than [ ] ([ ]) days after the due date and such Royalty is not paid within [ ] ([ ]) days of receipt of SONOMA's written notice to ANLICARE in respect thereto.

## 11. CONSEQUENCES OF TERMINATION

11.1 Upon expiry as well as upon termination of this Agreement, ANLICARE shall:

- (a) within [ ] ([ ]) months from the termination or expiration of this Agreement, be entitled to sell all unexpired Products already delivered to ANLICARE subject to the terms of this Agreement, and cease sales immediately upon the earlier of the expiration of such period or the sale of all Product inventory; provided, however, that if SONOMA terminates this Agreement due to breach of ANLICARE's obligations under Sections 3.1, 3.2 or 13 of this Agreement, ANLICARE shall have no right to continue to sell the Product inventory.
- (b) pay SONOMA all amounts related to Purchase Orders placed and not yet paid pursuant to Section 6.1(d); and
- (c) return forthwith to SONOMA free of charge all documents or records, in whatever media, in ANLICARE's possession or under its or any of its Affiliates or Sub Distributors' control, except for digital backups automatically generated and stored at ANLICARE's servers, containing SONOMA's Confidential Information, which shall continue to be subject to the confidentiality and non-use provisions of this Agreement;

11.2 Upon expiry as well as upon termination of this Agreement, SONOMA shall:

- (a) fulfill any outstanding Purchase Order entered into prior to the termination of this Agreement, unless the termination is the result of a termination pursuant to Section 10.2(c);
- (b) have the right to repurchase from ANLICARE any or all Products held by ANLICARE in good condition at a price equal to the Product purchase price;

11.3 The provisions of Sections 8, 9, 12, 13, 14 and 15 shall survive for a period of five (5) years after the expiration or termination of this Agreement.

11.4 Except as otherwise specifically provided for in this Agreement, neither Party shall have any liability (e.g. for any claim of damages, loss of revenue, profit or compensation, for anticipated sales or for any costs, expenses, investments or other commitments made in reliance upon or otherwise in connection with this Agreement) to the other on account of any expiration or termination of the Term. Without limiting the generality of the foregoing, neither Party shall have any right, either express or implied, by applicable Law or otherwise, to renewal of this Agreement or to any damages or compensation for any such termination.

## 12. GOVERNING LAW and SETTLEMENT of DISPUTES

12.1 This Agreement shall be governed by and interpreted in accordance with the laws of the state of Georgia, except the conflicts of laws provisions.

12.2 Each Party shall use its best reasonable endeavours to settle amicably any dispute which may arise with the other Party in relation to the construction, performance or termination of this Agreement.

12.3 Any disputes, controversies, doubts or questions between the Parties whether relating to the construction, meaning, scope, operation or effect of this Agreement or the validity or breach hereof (a "Dispute") which cannot be settled amicably shall be finally settled by arbitration by and according to the Rules of Arbitration of the American Arbitration Association by one (1) arbitrator chosen in common agreement between the Parties from the AAA list of arbitrators. If the Parties do not agree on an arbitrator within 30 (thirty) days from the notice of arbitration, the AAA shall be entitled to appoint the arbitrator in accordance with its rules. The arbitration proceedings shall be conducted in the English language and the venue of the arbitration shall be in Cherokee County in the State of Georgia, USA.

12.4 The Parties shall not disclose the arbitration procedure or its object, and shall maintain confidential all the information directly or indirectly related to the controversy submitted to arbitration.

12.5 The arbitral award shall be given in writing. It shall be binding upon the Parties and shall be enforceable in accordance with its terms and conditions. The arbitral award can be enforced in any court having jurisdiction on the Parties or on their assets.

## 13. CONFIDENTIALITY

13.1 Receiving Party acknowledges that it received or that it shall receive Confidential Information during the Term of this Agreement, and that such Information shall be kept confidential by Receiving Party with the same degree of care given to its own Confidential Information. Receiving Party shall not make use of or disclose the Confidential Information to any third party, except for the purposes expressly authorized herein or with the express prior written authorization of the Disclosing Party involved. Confidential Information may be disclosed only to the officers, directors, consultants and employees of the Receiving Party on a need to know basis, provided that such personnel are advised and subject to obligations of confidentiality as strict as the ones established herein. Furthermore, Receiving Party is aware that it may be held liable for the acts and omissions of their officers, directors, consultants, employees or subcontractors.

13.2 Disclosures to Regulatory Authorities as required by Law or necessary to secure the registration, licensing and commercialization of the Products shall not be deemed as a breach of the confidentiality provisions established herein.

- 13.3 The obligations of confidentiality and non-use stated in this Section are independent of all other rights and obligations of the Parties under this Agreement and shall remain in effect beyond the termination, cancellation or expiration of this Agreement for any reason.
- 13.4 Receiving Party hereby acknowledges and agrees that any breach of or noncompliance with the confidentiality obligations stated herein may result in immediate and irreparable harm to Disclosing Party who shall be entitled to pursue any legal measures and remedies provided under the Law or in equity to prevent or cease the disclosure, as well as to repair any damages and losses.
- 13.5 Upon termination or expiration of this Agreement, or upon request of Disclosing Party, Receiving Party shall immediately return all Confidential Information received from Disclosing Party, including, but not limited to, registration documents, scientific information, publications or any other material deemed confidential, without making or retaining any copies.
- 13.6 If Receiving Party becomes aware or has knowledge of any unauthorized use or disclosure of Confidential Information, it shall promptly notify Disclosing Party of such unauthorized use or disclosure and, thereafter, shall take all reasonable steps to assist Disclosing Party in attempting to minimize any potential or actual damages or losses resulting from such unauthorized use or disclosure.
- 13.7 Receiving Party agrees that it shall not claim to have any rights, title or ownership over the Confidential Information, and that rights, title and ownership over the Confidential Information shall rest in Disclosing Party.

#### 14. **LIABILITY and INDEMNIFICATION**

- 14.1 ANLICARE shall indemnify, defend and hold harmless SONOMA for any action, claim, cause of action, loss, damage, liability, interest, penalty, cost or expenses (including without limitation, any reasonable costs or legal fees thereby incurred by SONOMA) arising out of any demands, suits, or actions, to the extent arising or resulting from (i) death, bodily injury or damage to property caused by any fault or negligence by ANLICARE's employees or agents in the importation, Marketing or Distribution of the Product in the Territory, or (ii) any breach of ANLICARE's obligations under this Agreement; or (iii) any product claims, representations or warranties, whether oral or written, made or alleged to be made by ANLICARE in its advertising, publicity, promotion or sale of any Product, where such Product claims or representations were not approved by SONOMA; or (iv) any infringement, misuse, misappropriation or violation of any Intellectual Property right of SONOMA; provided that SONOMA shall (i) notify forthwith ANLICARE of any such claim and (ii) not take any action or admit any liability or pay any amount to, or compromise with, any Third Party in respect of such claim, except with ANLICARE's prior consent or in compliance with a court order.

- 14.2 ANLICARE shall not be liable in contract, tort, negligence, breach of statutory duty or otherwise for any special, indirect, incidental or consequential damages or for any economic loss or loss of profits suffered by SONOMA, including any loss of prospective sales, investments made or expenses incurred in connection with this Agreement.
- 14.3 SONOMA shall indemnify, defend and hold harmless ANLICARE for any action, claim, cause of action, loss, damage, liability, interest, penalty, cost or expenses (including without limitation, any reasonable costs or legal fees thereby incurred by ANLICARE) arising out of any demands, suits, or actions, to the extent arising or resulting from (i) breach of any representation or warranty of SONOMA under this Agreement; or (ii) total or partial recalls of Product; or (iii) any bodily injury or death caused by any alleged defects in materials, workmanship, or design of Product; provided that ANLICARE shall (i) notify forthwith SONOMA of any such claim and (ii) not take any action or admit any liability or pay any amount to, or compromise with, any Third Party in respect of such claim, except with SONOMA's prior consent or in compliance with a court order. SONOMA's liability under this Agreement shall be limited to US\$100,000.
- 14.4 SONOMA will not be liable in contract, tort, negligence, breach of statutory duty or otherwise for any special, indirect, incidental or consequential damages or for any economic loss or loss of profits suffered by ANLICARE, including any loss of prospective sales, investments made or expenses incurred in connection with this Agreement.
- 14.5 Each of SONOMA and ANLICARE shall maintain a liability insurance that covers Product liability in such amounts as is advisable pursuant to ordinary good business practices. Each Party shall provide the other Party evidence of this coverage upon written request.

#### 15. **MISCELLANEOUS PROVISIONS**

- 15.1 This Agreement and its Schedules constitute the entire agreement between the Parties in relation to the purchase, Marketing, distribution, and sale of the Product in the Territory and supersede all prior oral or written agreements between the Parties relating to the same subject matter, including without limitation each of the Parties' general conditions of sale or purchase. No change to this Agreement and/or its Schedules shall be binding upon the Parties unless it is made in a written document signed by authorized representatives of both Parties or of their legal successors. Unless otherwise expressly provided in SONOMA's order acceptance for a particular Purchase Order, as provided under Section 5 of this Agreement, the terms of this Agreement shall apply to all purchases by ANLICARE from SONOMA. Any terms or conditions proposed by ANLICARE inconsistent with or in addition to the terms and conditions in this Agreement shall be void and of no effect unless and until specifically agreed to in a writing executed by an authorized representative of SONOMA.
- 15.2 After the Effective Date, each Party may use the other Party's name(s) and trademark(s) exclusively in order to issue a press release or public announcement of the Parties' relationship under this Agreement. ANLICARE acknowledges that SONOMA may make a public announcement and such filings that are required under state and federal securities laws applicable to SONOMA. SONOMA shall provide the press release to ANLICARE for approval, prior to public release and filing. Except for the foregoing, no public announcement or press release shall be made without both Parties' prior written consent as to the content of such announcement or press release.
- 15.3 Any notice required to be given by either Party to the other under this Agreement shall be validly given through overnight carrier, considered delivered after three days from posting, or through electronic mail with receipt confirmation, sent to the address of the Parties as set out hereafter or to any new address notified to the other Party:
- i. If to SONOMA to the attention of:
  - ii. If to ANLICARE to the attention of:

- 15.4 Should any provision of this Agreement become invalid or unenforceable under applicable Laws, this shall not invalidate or render any other provision invalid or unenforceable. The invalidated or unenforceable provision shall be deleted and replaced, by mutual consent of both Parties, by a valid or enforceable provision having the same effect as, or an effect as close as possible to the effect of the original provision. If such effect is deemed illegal, such clauses shall be eliminated automatically from this Agreement, without affecting the validity of the Agreement.
- 15.5 The Parties understand and agree to comply with the U.S. Foreign Corrupt Practices Act, as revised, which prohibits the promise, payment or giving of anything of value, either directly or indirectly, to any government official for the purpose of obtaining or retaining business or any improper advantage. For purposes of this Section, "government official" means:
- (a) any official, officer, representative, or employee of any non-U.S. government department, agency or instrumentality (including any government-owned or controlled commercial enterprise), or
  - (b) any official of a public international organization or political party or candidate for political office.
- The Parties shall furthermore ensure that their Affiliates that have rights or obligations under this Agreement understand and agree to comply with the U.S. Foreign Corrupt Practices Act, as revised with regard to activities performed under this Agreement.
- 15.6 The headings in this Agreement are for information only and will not be considered in the interpretation of this Agreement.
- 15.7 This Agreement is made in English and the English text shall prevail over its translation into any other language.
- 15.8 Neither this Agreement nor any of the rights or obligations of the Parties may be assigned or sublicensed without the prior written consent of the other Party; provided, however, that SONOMA may assign this Agreement to an Affiliate of SONOMA and, without the consent of ANLICARE, assign this Agreement or any of its rights or obligations hereunder in connection with the sale of substantially all its assets; and provided, further, that any transfer or transfers of shares of SONOMA, or the merger of SONOMA with a Third Party, shall not constitute an assignment of this Agreement.
- 15.9 Any waiver of the terms and conditions hereof must be explicitly in writing and executed by a duly authorized officer of the Party waiving compliance. The waiver by either of the Parties of any breach of any provision hereof by the other shall not be construed to be a waiver of any succeeding breach of such provision or a waiver of the provision itself. The delay or failure of any Party at any time to require performance of any provision of this Agreement shall in no manner affect such Party's rights at a later time to enforce the same.
- 15.10 The relationship between the Parties is that of independent contractors and each Party agrees to conduct its affairs accordingly. Neither Party shall, by reason of this Agreement, be deemed to be a member of a partnership or joint venture with the other Party.
- 15.11 This Agreement shall be binding upon and inure solely to the benefit of the Parties, and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Third Party any right, benefits or remedies of any nature whatsoever under or by reason of this Agreement.
- 15.12 This Agreement may be executed in two (2) or more counterparts, each of which is to be considered an original and taken together as one and the same document.

Made on the date hereof in two original copies, including one for each Party.

**Sonoma Pharmaceuticals, Inc.**

/s/ Amy Trombly  
Name: Amy Trombly  
Position: CEO

**ANLICARE INTERNATIONAL**

/s/ Sherwin Hu  
Name: Sherwin Hu  
Position: CEO

