
PROFIT SPLIT AGREEMENT

BETWEEN

[full legal name entity 1]

AND

[full legal name entity 2]

DATED

[date, year]

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PROFIT SPLIT AGREEMENT

This profit split agreement ("**the Agreement**") is considered a written confirmation of what has been agreed as from [starting date of agreement] ("**Effective Date**"),

BETWEEN

1. [full legal name entity 1], a company established under the laws of [country] and having its registered office at [full address], [country], hereinafter referred to as "**Company**";

AND

2. [full legal name entity 2], a company established under laws of [country] and having its registered office at [full address], [country], The Netherlands hereinafter referred to as "**Distributor**";

Jointly hereinafter referred to as "**Parties**"

PRELIMINARY STATEMENTS

1. Both Company and Distributor are group companies of the [XYZ] group.
2. The [XYZ] group is engaged in [please insert a short description of the activities of the XYZ group].
3. Company is the [XYZ] group's head office and a manufacturer of [XYZ] Products. As the head office, Company is ultimately responsible for the group's operational activities. In relation to the manufacturing of the Products, Company conducts all activities relating to the procurement of the raw materials, the production, and the related logistics. Company is also responsible for the marketing and sales of the Products in the [Country] market.
4. Distributor is responsible for the performance of the product development function and the composition of the range of [XYZ] Products. Distributor is also responsible for the marketing and sales of Products mainly focused on the [Country] market, and ultimately responsible for the procurement of Products.
5. The above described division of functions between Company and Distributor (including the employment of related assets) also implies that Parties each assume risks in alignment with the extent to which each of the Parties can control such risks.
6. The functions performed, risks managed and controlled and assets employed by Company and Distributor in the entire value chain (from the development and production of the Products and procurement of Products to the marketing and sale of the Products) are so integrated that the Parties desire to enter into an arrangement

Article 5 Product Prices

Product prices shall be as set forth in Company's price list, as amended by Company from time to time upon ninety (90) day written notice to Distributor. The current price list is attached as Exhibit 1. The Company and the Distributor will meet annually during the term of this Agreement to establish pricing.

Article 6 Orders

1. All Product purchase orders shall be in writing and shall be subject to acceptance by Company, which will not be unreasonably withheld, delayed, or conditioned. The Company will notify the Distributor in writing within 48 hours of receipt of Distributor's purchase order specifying in detail the reason for not accepting the purchase order, otherwise the purchase order will be deemed accepted by the Company.
2. In the event of a conflict between the terms included in a purchase order and the terms of this Agreement, the terms of this Agreement shall prevail.
3. If there is a shortage in the available supply of any Products, as a result of which Company cannot fulfill all Distributor orders, Company may allocate the available supply of Products to the Distributor provided that the Distributor is provided with no less than 50% of the available supply.

Article 7 Title and Risk of Loss

1. Title to the Products shall pass to Distributor upon Distributor's receipt of the Products at the destination indicated by Distributor. All risk of loss in the Products shall initially pass to Distributor when the Products are provided to the Distributor at the destination indicated by Distributor.
2. If any Products are established, to Company's satisfaction, to have been damaged when delivered to Distributor, Company will either make an appropriate adjustment in the original sales price of such Products or replace the damaged Products, at Company's election. Distributor has ten (10) days after delivery of the Products to notify Company of any apparent damaged Products.
3. Any risk of loss that is incurred by Parties under this Article will be considered as costs that are part of the Profit Sharing as defined in Article 8 below.

Article 8 Profit Sharing and Payment

1. Based on the obligations of Parties defined in this Agreement, the Company and the Distributor agree to profit sharing in connection with sales of the Products by each party to third parties ("Profit Sharing") as set forth below:

C. Return or destroy, Confidential Information and Intellectual Property relating to production and sale of the Products.

D. Shall make a final account and Payment in accordance with Article 8, 1.A above, which balance, after approval by Parties, shall be paid within sixty (60) days by the appropriate Party.

2. The termination of this Agreement shall not release the Parties from their obligations to pay any sums then owing to the other Party or from the obligation to perform any other duty or to discharge any other liability that has been incurred prior thereto.
3. Subject to the foregoing, however, neither Party shall be liable to the other Party, by reason of the termination of this Agreement, for consequential damages, including but not limited to, compensation of damages resulting from the loss of present or prospective profits on sales, or expenditures, investments or commitments made in connection therewith.

Article 15 Confidential Information

1. Each Party agrees to maintain secret and confidential all Confidential Information that it may acquire from the other Party in the course of this Agreement.
2. The Parties may disclose such Confidential Information only to those of their employees, agents and Distributors who need to know such information in order to enable the respective Parties to perform their obligations under this Agreement.
3. The obligations of Article 15.1 above shall not apply to information which:
 - A. Is already known to one Party, other than under obligation of confidentiality, at the time of disclosure by the other.
 - B. Is subsequently disclosed to the recipient Party without any obligations of confidence by a third party who has not obtained it directly or indirectly from the other Party.
 - C. Is or becomes generally available to the public or otherwise is or becomes part of the public domain after its disclosure other than through any act or omission of either Party or its agents or employees in breach of this Agreement.
 - D. Is independently developed by employees of either Party without prior knowledge of the secret and confidential information.
4. Notwithstanding the foregoing provisions, either Party shall be entitled to disclose Confidential Information of the other Party to Customers in so far as such disclosure is reasonably necessary to promote the sale or use of the Products and provided that such Party takes adequate measures to ensure the observance by such third party of the secrecy and confidentiality of such Confidential Information.

5. This Agreement shall contain the entire agreement and understanding between the Parties hereto with respect to the subject matter hereof. Exhibit 1 attached to this Agreement forms an integral part thereof.
6. In the event that this Agreement is executed in more than one language, the English language version shall prevail in the case of any discrepancy.
7. If any Article, term, provision, or clause thereof in this Agreement is found or held to be invalid or unenforceable in any jurisdiction in which this Agreement is being performed, the remainder of this Agreement shall be valid and enforceable, and the Parties shall negotiate in good faith, a substitute, valid and enforceable provision which most nearly effects the Parties' intent in entering into this Agreement.
8. No alteration, amendment, waiver, cancellation or other change in any term or condition of this Agreement shall be valid or binding on either Party unless the same has been agreed to in writing by both Parties.
9. This Agreement may be executed in two (2) or more counterparts, all of which, taken together, shall be regarded as one and the same instrument.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT, TO BE EFFECTIVE AS OF THE EFFECTIVE DATE.

[full legal name entity 1],

[full legal name entity 2],

Signed by

Name:

Title:

Date:

Signed by

Name:

Title:

Date:

EXHIBIT 1 - Recommended Pricelist

The pricelist of the Products is enclosed in this Appendix.