

RETAILER AGREEMENT OF DISTRIBUTOR

(template)

This Distribution Agreement (this “Agreement”) is made and entered into by and between You (“Distributor”) and PublishDrive Kft. (official operator of Distributor.com and later called “PublishDrive” with company registered: Hungary, 1131 Budapest, Madarasz Viktor utca 13. II/32, registration number: 01-09-277390, EU VAT number: HU23878936, email: support@publishdrive.com). This Agreement contains the terms and conditions under which Distributor offers the services on its Site.

I. Subject of agreement

1. PublishDrive is engaged in distributing electronic publications, e.g., e-books, e-magazines, etc., as functional intermediary to third parties such as Distributor who will provide such publications to end customers for fee-based download or online access via Internet platforms.
2. Between parties this Agreement is non-exclusive. If Distributor aims for an exclusive partnership in ebook distribution with PublishDrive, financial terms may be subject to change in joint consideration.
3. PublishDrive grants rights to Distributor under this Agreement for redistributing content provided by PublishDrive.

II. Rules of distribution

4. Distributor will maintain a secure hosting environment for the eBooks. Distributor shall work with PublishDrive in good faith to promote PublishDrive Content’s availability on the Online Store.
5. **Digital rights management:** Distributor provides prevention of copyrights with technological solutions. This will typically be hard DRM where it is possible, or watermarked where there is no option for DRM.
6. **Ownership of rights:** As between the parties and subject to the grants under this Agreement: (a) PublishDrive and/or its partners own all right, title and interest in and to the eBooks, Metadata, Cover or Other Images, PublishDrive’s Marks and any and all Intellectual Property Rights embodied in the foregoing (collectively, the “PublishDrive IP”); (b) Distributor owns all right, title and interest in and to the Distributor Service, Distributor’s Marks and any and all Intellectual Property Rights embodied in the foregoing. PublishDrive shall provide an appropriate copyright notice in the Content File, or as reasonably requested by Distributor.
7. **Grant of rights:** PublishDrive grants Distributor the non-exclusive and perpetual rights, which shall be revocable in accordance with the present Agreement only, to make the Digital Products publicly available within the Sales Territory and to distribute and have them distributed to end customers. This grant of rights shall in particular include the following rights:
 - a. The right to reproduce the Digital Products, to feed all of them or any part thereof into electronic data bases and networks, and to store them there, and in particular, to make backup copies of them.
 - b. The right to format or convert or adjust the Digital Products – without changing any of their content – and in particular to make such adjustments as required for technical purposes, inclusive of the right to exploit the thus adapted Digital Products within the scope of all and any manner of use provided under this Agreement.

- c. The right to enable end customers to permit third parties to borrow Digital Products for a specific period of time, i.e., to permit them to use such Products, whereas the original end customer shall not have access to the respective Digital Product during such period of time.
8. The right to enable end customers to "read in store" and "read at hotspot", i.e., Resellers shall be permitted to give end customers the opportunity to access the Digital Products in Resellers' shops or at other locations and within the related communication network, whereas such Products shall not be available on the end customer's terminal unit any longer when he/she leaves the communication network.
9. **Metadata management:** PublishDrive will give all required metadata to the Distributor in the following formats: ONIX 2.1, ONIX 3.0 or Excel sheets with customized table. If any other formats preferred (such as own API of Distributor) it is discussed by both Parties.
10. **Content files:** PublishDrive gives content files in ISBN.epub (epub 2.0 or epub 3.0) and cover files in ISBN.jpg. All files are named after the ISBN of the content. Preferred method of transferring the data is through FTP provided by Distributor.
11. **Price maintenance:** By signing this Agreement, the parties acknowledge that ebooks are also subject to the book retail price maintenance rules and regulations in certain countries, in particular Germany. For such countries, the maintained Retail Price shall be determined by PublishDrive. In countries where price maintenance is not applicable, the Retail Price shall be determined by Distributor or Reseller based on the suggested retail price given by PublishDrive.
12. **Pricing:** Distributor acknowledges the fact that ebooks are priced in an agency model meaning that PublishDrive will receive certain amount of the net sales detailed in "Remuneration" of this Agreement after every book sold in Distributor's store/platform. If there is any other pricing model required by Distributor (wholesale model, subscription based or library model), its technical methods are discussed in joint consideration of both parties.
13. **Price promotions:** All costs arising during price promotions are borne by PublishDrive and Distributor equally or Distributor may organize price promotions but it cannot hurt PublishDrive's royalty and remuneration. Price promotions are scheduled automatically coming from PublishDrive and in this case Distributor has to apply those price promotions for given books in 3 days before the effective date of the price promotion.
14. **Marketing activity:** Distributor is allowed to schedule and implement any marketing actions for works/books in order to increase sales. This activity has to be supported by the PublishDrive as well with mutual effort for marketing ebooks on a long term partnership basis. Both parties aim to harmonize their marketing and PR activities in the future, however no paid cooperation is mentioned in this Agreement.
15. **Service providers:** Distributor, PublishDrive, and Resellers are entitled to employ third parties as subcontractors and/or service providers for performance of their obligations and exercise of their rights under this Reseller Agreement, and further, to replace such third parties by others during the term of this Agreement.
16. **Logos, trademarks:** Furthermore, PublishDrive shall grant Distributor the non-exclusive, perpetual and geographically unrestricted rights for the term of this Agreement to make use of PublishDrive's logo, company name, and trademarks (if any), to such extent as customary, for promotion of the Digital Products, and to grant Resellers all rights required for this purpose.
17. **Reading samples:** Distributor and Resellers shall be entitled to provide end customers with free reading samples of the Digital Products, even in individualized form (e.g., in

accordance with specific search words selected by the end customers). In case PublishDrive should not provide Distributor with any reading sample of a Digital Product, Distributor or Resellers, respectively, is/are entitled to produce its/their own reading sample of such Digital Product and to make use thereof for promotion of the Digital Products, and further, to permit Resellers to use such reading sample for promotion purposes as above. These samples are usually up to a volume of 10 % of the related Digital Product. PublishDrive shall also be entitled to provide reading samples which shall be obligatory for the purposes of Distributor. PublishDrive allows that 5% of the works/books may be cited for promotional aims, and Distributor and Resellers are entitled to make publicly available and distribute reading samples and Sales-Relevant Information online free of charge, in particular via Internet platforms and social networks, e.g., Facebook, Twitter, Google, and via blogs, etc., without any copy protection (also for download). These do not include paid advertisements by any parties.

18. Sales stop: If PublishDrive informs Distributor that a specific Digital Product is to be barred from distribution, Distributor will inform Reseller at the appointed time, or otherwise immediately. Such information shall – if possible – be communicated to Distributor via the Site by granting Distributor a reasonable lead time (at least 2 workdays). Distributor shall not be held liable for any delay occurring from any Reseller's or platform's side or resulting from any deadline scheduled by any Reseller or platform for sell-out, depletion, or expiry of a Digital Product. The right to enable end customers to obtain Reloads of the respective Digital Product even after a sales stop shall remain unaffected.

III. Remuneration and accounting

19. Remuneration: Distributor will receive 30% royalty after the net sales price provided by PublishDrive.

20. Sales reports: are sent to/visible for PublishDrive in every month until the 10th of the following month which contain all transactions for end-customers in all countries and Resellers. Distributor has to make those data available through an automated platform in a format or Excel sheet where all transaction ID-s, book IDs, transaction dates, currency, retail price, VAT, account payable to PublishDrive and Distributor royalty are included. Distributor aims to provide as rich data about the transactions as possible with a realtime sales tracking period. Distributor acknowledges the fact if there is no portal where account payable is trackable, Distributor has to send every month the cumulated amount of account payable until it reaches the 100 EUR threshold.

21. General accounting terms: The remuneration amount resulting from such accounting process shall be payable within 30 days from the respective reference date. If it is possible, Distributor provides self-billing option for PublishDrive on the day of publishing sales reports are sent out, otherwise PublishDrive will send an electronic invoice about sales in EUR. The payment from royalties should be transferred to PublishDrive by the end of the next month. All bills are in EUR and should be paid out in EUR. If other payment currency is preferred by Distributor, it has to be discussed in joint consideration of both parties. PublishDrive prefers bank transfer to EUR bank account, however other payment options may be used if it is needed by Distributor after joint consideration of possible payment options. If the amount does not exceed the 100 EUR Threshold Amount, Distributor has the right to hold back the transaction until it exceeds. Distributor aims to use a service where PublishDrive has no or very low fees for accepting any money transfer. PublishDrive shall provide Distributor with PublishDrive's banking information. As between the parties, Distributor is responsible for collecting and remitting all taxes imposed on its sale of eBooks to End Customers.

22. Correction of payments: To the extent that you owe any amounts to Distributor as a consequence of this agreement, Distributor shall have the right to deduct all or a portion of

such amounts from any Digital Fees otherwise then payable to you. In the event that Distributor overpays royalties, such as in cases when fraudulent or unauthorized purchases are charged back to Distributor after payments are made, then Distributor will deduct the funds owed from monies payable to you hereunder. If the amount owed exceeds your accrued monies, you agree to remit a payment back to Distributor within 20 days of notification to adjust the overpayment.

23. **Fraudulent activities:** In the event that Distributor receives notice of any claim, demand, action or suit or other legal proceeding alleging facts inconsistent with your warranties and representations, or in the event that Distributor has reason to suspect PublishDrive's account whether it has been subjected to and/or involved in fraudulent activities,
24. **Copyright infringement:** PublishDrive grants if there is a misuse of copyrights during distribution, or there is a copyright dispute with the author(s) of the ebooks, Distributor is notified immediately.
25. **Refund:** PublishDrive acknowledges that customers can withdraw from any purchase and they claim their money back. In that case PublishDrive can see these transactions as refund ('R') in Distributor's sales reports. PublishDrive is obligated in these cases to validate those cases as negative transactions. There is a "charge-back" refund option from banking institutions where a misuse of debit/credit card is reported (e.g. stolen debit/credit card). This refund is also demonstrated in sales reports as negative transactions.
26. **Currency:** PublishDrive and Distributor agree on the fact that suggested retail price (suggested by PublishDrive) and the retail price at transactions may differ in terms of exchange rates of chosen currencies. Distributor aims to change given currencies of suggested retail prices depending on current exchange rates.
27. **Auditing:** In replacement of any other auditing rights, PublishDrive may request a certification from a chartered accountant, once a year at maximum, confirming that Distributor has completely and correctly accounted for PublishDrive's remuneration from time to time. In case of any deviation amounting to more than 5 % at PublishDrive's expense, Distributor shall be liable to pay the auditing fees; otherwise, PublishDrive shall be liable to pay such fees.

IV. Term and termination of Agreement

28. **Term:** Unless terminated earlier as permitted below, the term of this Agreement will be for one year commencing upon the Effective Date of accepting of the Terms and Conditions on the Site of Distributor. Thereafter, this Agreement will automatically renew for additional one year periods unless either party gives the other party written notice of termination at least 90 days prior written notice to the close of the then-current term.
29. **Termination for cause:** The rights of either party to terminate this Agreement for cause shall remain unaffected. Any termination of this Agreement shall be made in writing.
30. **Confidentiality:** The parties agree to maintain secrecy towards third parties, during the term of this Reseller Agreement and for a period of 3 years following termination hereof, with respect to the contents of this Agreement and all information, Sales-Relevant Information, documentation, and data related thereto and not being in the public domain, and shall not make any of such information available to third parties. Either party will make use of any information obtained from the other party within the scope of cooperation for the intended purpose only and shall protect such information with the same care as it would protect its own business secrets.
31. **Liability:** Any liability of the parties for loss or damage caused by slight negligence shall be excluded, unless concerning any loss or damage the breaching party is to be held liable for in

consequence of non-performance of any essential obligation the fulfilment of which is a basic prerequisite for this Agreement to be implemented duly and properly and on the adherence to which the parties may generally rely (so-called cardinal obligations). In such event, the breaching party shall be liable for those damages to property and such financial losses which are attributable to the respective breach and which could reasonable be anticipated upon execution of this Agreement.

32. **Force Majeure:** PublishDrive will not be responsible for any failure to perform or delay attributable in whole or in part to any cause beyond its reasonable control, including but not limited to acts of God (fire, storm, floods, earthquakes, etc.), civil disturbances, disruption of telecommunications, disruption of power or other essential services, interruption or termination of service by any service providers being used by Distributor to link its servers to the Internet, labor disturbances, vandalism, cable cut, computer viruses or other similar occurrences, or any malicious or unlawful acts of any third party (each a “Force Majeure Event”).
33. **Intellectual Property:** PublishDrive agrees that Distributor contains proprietary information and material that is owned by Distributor and/or its licensors, and is protected by applicable intellectual property and other laws, including but not limited to copyright, and that you will not use such proprietary information or materials in any way whatsoever except for use of Distributor in compliance with these Terms of Service. No portion of Distributor may be reproduced in any form or by any means.
34. **Copyrights.** All copyrights in and to Distributor are owned by Distributor and/or its licensors.

V. Final provisions

35. **Relationship of the Parties.** The parties hereto agree and acknowledge that the relationship between them is that of independent contractors. This Agreement shall not be deemed to create an agency, partnership or joint venture, and neither party is the other's agent, partner, or employee.
36. **Binding Effect.** This Agreement will be binding on the assigns, heirs, executors, affiliates, agents, personal representatives, administrators, and successors (whether through merger, operation of law, or otherwise) of each of the parties.
37. **Notice.** Any notice, approval, request, authorization, direction or other communication under this Agreement shall be given in writing and shall be deemed to have been delivered and given for all purposes on the delivery date if sent by electronic mail to the addresses provided to and by you upon registration with the Distributor Site, or as properly updated, or, in the absence of a valid electronic mail address.
38. **Place of performance and jurisdiction:** The agreed place of performance and exclusive jurisdiction for all disputes arising from or in connection with this Reseller Agreement shall be London.
39. **Governing law:** This Agreement shall be governed by the substantive law of the UK.
40. **Written form:** This written Agreement shall solely be authoritative. Any amendment or supplement to this Agreement shall be subject to the approval of both parties hereto and shall be made in writing. The same applies to the present written-form clause.
41. **Severability:** In case any provision of this Agreement should be ineffective or unenforceable as a whole or in part, the remaining provisions shall not be affected. The parties agree beforehand to replace such ineffective or unenforceable provision by an effective and enforceable provision that is apt to accomplish the intended economic purpose of the

replaced provision in the best possible manner. The same applies in the event of any loophole in this Agreement.