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FORM 10-K

Cure Pharmaceutical Holding Corp. - CURR

Filed: March 26, 2018 (period: December 31, 2017)

Annual report with a comprehensive overview of the company

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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: **December 31, 2017**

CURE PHARMACEUTICAL HOLDING CORP.

(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or Other Jurisdiction of Incorporation)	<u>333-204857</u> (Commission File Number)	<u>37-1765151</u> (I.R.S. Employer Identification Number)
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1620 Beacon Place, Oxnard, California 93033
(Address of Principal Executive Office) (Zip Code)

(805) 824-0410
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by checkmark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by checkmark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Indicate by checkmark if registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2017, was approximately \$190,010,016 based on the closing sales price of the common stock on such date as reported on the OTCQB Marketplace operated by the OTC Markets Group, Inc.

On March 21, 2018 we had 23,951,252 shares of common stock, par value \$0.001 per share (the "Common Stock") issued and outstanding.

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FORWARD-LOOKING STATEMENTS

Certain statements made in this Annual Report on Form 10-K are “forward-looking statements” regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of CURE Pharmaceutical Holding Corp. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. The Company’s plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein particularly in view of the current state of our operations, the inclusion of such information should not be regarded as a statement by us or any other person that our objectives and plans will be achieved. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, the factors set forth herein under the headings “Description of Business”. We undertake no obligation to revise or update publicly any forward-looking statements unless required by law.

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PART I

ITEM 1. BUSINESS HISTORY AND OVERVIEW

CURE Pharmaceutical Holding Corp. (the “Company”) was incorporated in the State of Nevada on May 15, 2014. The Company was formerly named Makkanotti Group Corp. which was formed to engage in the business of manufacturing food paper bags in Nicosia, Cyprus.

On November 7, 2016, the board of directors and the majority stockholder of the then outstanding shares of registrant’s common stock executed a written consent to change registrant’s name from Makkanotti Group Corp. to CURE Pharmaceutical Holding Corp. The Certificate of Amendment to Articles of Incorporation was filed with the State of Nevada on November 30, 2016.

Further, on November 7, 2016, the registrant, in a reverse take-over transaction, acquired a specialty pharmaceutical and bioscience company based in California that specializes in drug delivery technologies, by executing a Share Exchange Agreement and Conversion Agreement (“Exchange Agreement”) by and among the registrant and a holder of a majority of the issued and outstanding capital stock of the registrant prior to the closing (the “Majority Stockholder”), on the one hand, and CURE Pharmaceutical Corporation, a California corporation (“CURE Pharmaceutical”), all of the shareholders of CURE Pharmaceutical’s issued and outstanding share capital (the “CURE Pharm Shareholders”) and the holders of certain convertible promissory notes of CURE Pharmaceutical (“CURE Pharm Noteholders”), on the other hand. Hereinafter, this share exchange transaction is described as the “Share Exchange.”

The following is a brief description of the terms and conditions of the Exchange Agreement and the transactions contemplated thereunder that are material to the registrant:

- **Share Exchange and Share Cancellations.** The registrant shall issue 9,010,000 restricted shares of its common stock, \$0.001 par value per share (“Common Stock”), to the CURE Pharm Shareholders in the aggregate, in exchange for 2,718,253 shares of CURE Pharmaceutical’s common stock held by them, representing 100% of the then issued and outstanding common stock of CURE Pharmaceutical (the “Share Exchange”). In connection with the Share Exchange, the Majority Stockholder agreed to cancel 16,181,400 shares of Common Stock of the registrant in exchange for a warrant (the “Majority Stockholder Warrant”) to purchase up to 1,640,305 shares of Common Stock of the registrant at an exercise price of \$2.00 per share and with an exercise period of four years commencing on the date of issuance of the warrant. In addition, one other shareholder of the registrant entered into a share cancellation agreement with the registrant whereby such shareholder agreed to cancel 652,390 shares of the registrant’s common stock at the closing of the Share Exchange in order to induce CURE Pharmaceutical to enter into the Exchange Agreement.

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- **Conversion.** The registrant issued 6,106,463 restricted shares of Common Stock to the CURE Pharm Noteholders in the aggregate, by converting the convertible promissory notes of CURE Pharmaceutical held by the CURE Pharm Noteholders in the aggregate principal amount of \$6,106,463, at a conversion price of \$1.00 per share.
- **Change in Management.** Michael Hlavsa, the registrant's sole director and executive officer immediately prior to the closing of the Exchange Agreement, resigned, and Robert Davidson, William Yuan and Charles Berman were appointed to the registrant's board of directors (the "Board"). Robert Davidson, Edward Maliski, Wayne Nasby and Mark Udell were appointed as the new chief executive officer, president and chief scientific officer, chief operating officer, and chief financial officer and secretary, respectively, effective at the closing of the Exchange Agreement. Additional information regarding the above-mentioned directors and executive officers is set forth below in Item 2.01 and Item 5.02.

As a result of the Share Exchange, CURE Pharmaceutical became a wholly owned subsidiary of the registrant, and the CURE Pharm Shareholders and CURE Pharm Noteholders became the controlling shareholders of the registrant.

The closing of the transactions contemplated under the Exchange Agreement (the "Closing") took place on November 7, 2016 (the "Closing Date"). As a result, the registrant had a total of 23,266,733 shares of common stock issued and outstanding at the Closing Date, with the CURE Pharm Shareholders and Noteholders collectively owning approximately 64.97% of the registrant's issued and outstanding Common Stock.

CURE Pharmaceutical Corporation

Our wholly owned subsidiary and operating business, CURE Pharmaceutical, located in Oxnard, California was originally incorporated in July 2011 to develop novel drug formulation and delivery technologies.

The pharmaceutical industry is facing ever-growing R&D expenditure and fewer new drug approvals as a result of increasing regulation, a failure to predict safety problems or a lack of efficacy early in a drug's development, and high investment in new technologies to improve the speed and accuracy of drug development. In addition to these challenges to the industry's operators, many leading drugs are coming off-patent, creating a need to fill revenue gaps. The pharmaceutical industry is also challenged by the many patients who do not adhere to a regime of prescription drugs because of side effects, difficulty in administration or the taste of a drug. According to HealthPrize and Capgemini, the loss of global revenues by drug makers due to non-adherence to medicines is \$630 billion every year.

Improved formulations can address these many challenges by cutting down development costs, reducing the time to market, extending product patent protection, improving patient compliance and increasing drug efficacy. For example, reformulation can enable drug repositioning, the process of finding new uses for failed drugs, such as those abandoned for lack of efficacy after Phase II trials, or marketed drugs for which new uses will extend patent life and, therefore, profitability.

The FDA approves more reformulations than new chemical entities (NCEs) each year under Section (505)(b)(2) of the Food, Drug, and Cosmetic Act, ("505(b)(2)") the FDA. The number of 2017 NDA approvals that used the 505(b)(2) regulatory pathway rose dramatically from 45 approvals in each of the last two years to an all-time high of 63 in 2017. Under Section (505)(b)(2), the FDA may grant market exclusivity for a term of up to three years of exclusivity following approval of a listed drug that contains previously approved active ingredients but is approved in a new dosage, dosage form, route of administration or indication for use. Taken together, the exclusivity period of a drug and the lower R&D cost for reformulating a drug, have led to pharmaceutical companies taking a keen interest in reformulating their drugs as part of their lifecycle management protocols.

The veterinary industry, which is under pressure to acquire new products and revenue streams, will benefit from similar formulation-focused commercial strategies, addressing a significant need for improved ease of administration by animal caregivers and handlers.

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CUREfilm™ Technology

The founders of CURE Pharmaceutical are pioneers in drug delivery and oral thin film (OTF), having launched the first therapeutic OTF product, Chloraseptic® relief strips in 2003. OTF products are about the size of a postage stamp and can deliver medicines through the mucosal tissue in the mouth, sublingually or buccally – on the cheek or via the gastrointestinal tract. Oral transmucosal drug delivery is a non-invasive route for drug delivery that allows for absorption directly into the vascularized tissue in the mouth, bypassing the hepatic first pass effect. This leads to reduced drug exposure, and can offer a rapid onset of action. As an OTF, pharmaceutical actives can be either pre-solubilized or encapsulated, or both for more effective GI absorption and/or sustained release. The quick dissolution nature of OTF means that no water is required for administration, improving patient compliance - especially among the elderly, children, and in conditions where patients have difficulty in swallowing.

The CUREfilm platform is a scalable and versatile formulation and drug delivery system for both oral (OTF) and transdermal (skin) delivery. CUREfilm formulations can improve or match the pharmacokinetics of drugs in accordance with the desired outcome. The platform is compatible with a broad spectrum of molecules, for the formulation of both investigational and marketed prescription, OTC and nutraceutical products.

The competitive advantages of the CUREfilm platform over other OTF technology are protected by issued and pending patents, as well as trade secrets, and are as follows:

1. A dual layer approach with a liquid-based film layer and a powder matrix layer. The powder composition which may include an active ingredient, can be used to modulate the mucoadhesiveness of the film as well as the dissolution and absorption rates of the medicament. This approach protects the active ingredient from high shear and heat which can degrade the drug.

2. Micro-encapsulation of drug actives that allows for loading higher amounts of an active ingredient, such that we can deliver lower potency drugs in a single dose. By extension, multiple actives can be loaded onto a single dose. The micro-encapsulation process, envelopes all or part the active ingredients with microscopic particles or droplets to protect and shield them. This technique allows the delivery of higher dosing with better flavor masking, increase stability of the active ingredient as well sustained drug release.
3. Proprietary equipment design and manufacturing processes, pursued as trade secrets, allow us to produce CUREfilm products at commercial scale in a cGMP environment.

Business Strategy

Our commercial strategy is designed to mitigate risk by pursuing a diversified model.

1. Nutraceuticals. We manufacture select nutraceuticals that complement our portfolio and align with our mission, in partnership with distributors. This approach provides us with short term revenue opportunities.
2. Pharmaceuticals. We partner with companies that are responsible for clinical development and regulatory approval with the FDA and/or other regulatory bodies, as well as for the marketing and distribution of the products. On a case-by-case basis, we may be responsible for providing all or part of the documentation required for regulatory submissions and for conducting the preclinical testing of our products. Deal terms may include upfront licensing fees, development costs, milestone payments and exclusive manufacturing rights. Within this category, we are further diversifying risk and return by pursuing product life cycle opportunities (e.g. Sildenafil CUREfilm) as well as investigational drugs (e.g. PEA & Dronabinol combination CUREfilm). While we currently manufacture nutraceutical products in our state-of-the-art cGMP oral film manufacturing facility, we are undertaking steps to manufacture pharmaceutical products for commercial use.
3. Cannabinoids. We are specifically investing in pharmaceutical-grade cannabinoid products, such as tetrahydrocannabinol (THC) and cannabidiol (CBD). The oral bioavailability of cannabinoids is very low due to extensive “first-pass” metabolism. Consequently, potency and release times are unpredictable and inconsistent. Moreover, cannabinoids don’t readily dissolve in water which adds to dosing difficulties and discrepancies. In addition to improving bioavailability, CUREfilm enables the loading of combinations of cannabinoids and other plant extracts that, together, provide maximum therapeutic benefit. We are investing in preclinical cannabinoid research at the Technion – Israel Institute of Technology, where the laboratory of Dr. Dedi Meiri is identifying specific combinations of cannabinoids with anti-tumor effects. We are undertaking steps to research scheduled drugs at our Oxnard facility.
4. Underserved patient populations. Consistent with our mission of improving the lives of all people in need, regardless of geography or economic status, we have made our technology available to a private company, Oak Therapeutics (“Oak”), that is developing novel drug formulations for patients in developing nations (“Territory”). On November 10, 2017, we received 269,000 shares of Oak as consideration for an exclusive license to our patents rights in the Territory, along with a royalty-free non-exclusive license to any improvements made by Oak. As a result of this transaction, we own approximately 63% of Oak’s outstanding shares and have consolidated Oak’s financial statements as of the fourth quarter 2017. Oak has completed a Phase I Small Business Innovative Research Contract (“SBIR”) from the National Institutes of Health to develop a formulation for 300mg of Isoniazid in a rapidly dissolving film as an anti-tuberculosis treatment option. Oak is currently in the application process for Phase II of the SBIR program to continue its research and development and focus on manufacturing scale up, clinical trials and commercialization.

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Product Portfolio and Pipeline

We are selling CUREfilm dietary supplements and developing CUREfilm prescription and OTC pharmaceutical drugs. These include:

Marketed:

- Melatonin-based sleep aid CUREfilm

Under development:

- High dose Vitamin D3 (once weekly 50,000 IU)
- Sildenafil
- PEA & dronabinol combination
- Benzocaine
- Isoniazid (pursued by Oak)

Research:

- High dose electrolytes
- Various actives for veterinary applications

Competition

We face competition from other companies, universities, governmental agencies and other public and private research organizations for collaborative arrangements with pharmaceutical and biotechnology companies, in recruiting and retaining highly qualified scientific and management personnel and for licenses to additional technologies. Many of our competitors, including Monosol, BioDelivery Sciences International, IntelGenx and LTS Lohmann, have substantially greater financial, technical and human resources than we have. Our success will be based in part on our ability to develop and manufacture products that address unmet medical needs and create value to patients at competitive price points. In addition, continuing to build our intellectual property portfolio and designing innovative approaches that surpass our competitors' patents will be critical to success.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not Applicable.

ITEM 2. PROPERTIES.

Our principal executive offices and manufacturing facility are located at 1620 Beacon Place, Oxnard, California 93033. The offices and manufacturing facility consists of approximately 25,000 square feet. The Company also leases additional office and warehouse space at 1610 and 1612 Fiske Place, Oxnard, California 93033, which contains approximately 6,547 square feet as well as a research and development space located at 2029 Becker Drive, Lawrence, KS 66047, which contains approximately 1,350 square feet. All facilities are currently on month-to-month leases. Rent expense was \$294,646 and \$286,539 for the years ended December 31, 2017 and 2016, respectively.

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ITEM 3. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. The only significant matter of which the Company is aware of is discussed below.

On May 22, 2017, Sandy Sierra Garate (“Applicant”), an employee of the Company, filed an application for benefits due to serious and willful misconduct of the employer pursuant to labor code section 4553 with the State of California Workers’ Compensation Appeals Board (WCAB Case No: ADJ 10686812) resulting in injury arising out of and in the course of the Applicant’s employment on August 5, 2016. The Applicant is requesting relief in this matter for a one half increase in all compensation recoverable in connection with the injury of August 5, 2016, for the allowance of costs and expenses in an amount to be determined and for such further relief as is deemed appropriate. The Company is currently unable to determine what the additional expenses will be incurred in order to defend this matter. As such, the Company cannot determine whether there is a reasonable possibility that a loss will be incurred nor can it estimate the range of any such potential loss. Accordingly, the Company has not accrued an amount for any potential loss associated with this action.

Currently, there are no orders, judgments, or decrees of any governmental agency or administrator, or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining any of our incoming officers or directors from engaging in or continuing any conduct, practice or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security, or any aspect of the securities business or of theft or of any felony. Nor are any of the officers or directors of any corporation or entity affiliated with us so enjoined.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

The Company's common stock is listed on the "OTC Markets" under the Symbol "CURR". Trading in stocks quoted on the OTC Bulletin Board is often thin and is characterized by wide fluctuations in trading prices due to many factors that may be unrelated to a company's operations or business prospects. We cannot assure you that there will be a market in the future for our common stock.

OTC Bulletin Board securities are not listed or traded on the floor of an organized national or regional stock exchange. Instead, OTC Bulletin Board securities transactions are conducted through a telephone and computer network connecting dealers in stocks. OTC

Bulletin Board issuers are traditionally smaller companies that do not meet the financial and other listing requirements of a regional or national stock exchange.

	<u>High</u>	<u>Low</u>
Year Ended December 31, 2017		
Fourth Quarter	\$ 5.10	\$ 1.40
Third Quarter	\$ 8.02	\$ 4.30
Second Quarter	\$ 8.00	\$ 6.50
First Quarter	\$ 8.70	\$ 2.05

Our shares of common stock began trading on January 18, 2017.

Number of Holders

As of December 31, 2017, the 23,901,252 issued and outstanding shares of common stock were held by a total of 99 shareholders of record.

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Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d)

a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our Common Stock. Therefore, stockholders may have difficulty selling our securities.

Dividends

The Company has never paid cash dividends on its common stock. We intend to keep future earnings, if any, to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future. The registrant's future payment of dividends will depend on the registrant's earnings, capital requirements, expansion plans, financial condition and other relevant factors that the registrant's board of directors may deem relevant. The registrant's accumulated deficit currently limits the registrant's ability to pay dividends.

Securities Authorized for Issuance under Equity Compensation Plans

On December 27, 2017, the Company held a special meeting of stockholders (the "Meeting") at the Company's corporate office located at 1620 Beacon Place, Oxnard, California 93033. At the Meeting, the stockholders voted on the various proposals, including the Company's 2017 Equity incentive plan, described in detail in the Company's definitive proxy statement for the Meeting filed with the Securities and Exchange Commission on December 13, 2017. The Company's 2017 Equity Incentive Plan was approved and the voting results are disclosed in the Company's Form 8-K filing with the Securities and Exchange Commission on December 29, 2017.

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The Company does not have any individual compensation arrangements with respect to its common or preferred stock. The issuance of any of our common or preferred stock is within the discretion of our Board of Directors, which has the power to issue any or all of our authorized but unissued shares without stockholder approval.

Recent Sales of Unregistered Securities

On April 7, 2017, the Company issued 14,579 common stock shares at \$6.86 per share for consulting services to be performed over a one year period.

On April 24, 2017, the Company issued 100,000 common stock shares at \$7.00 per share for consulting services to be performed over a six month period.

On May 18, 2017, the Company issued 300,000 common stock shares at \$2.10 per share for consulting services to be performed over a one year period.

On August 21, 2017, the Company issued 100,000 common stock shares at \$5.30 per share for consulting services to be performed over a four month period.

The shares of common stock described above were issued without registration under the Securities Act of 1933 (the "Securities Act") in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act promulgated thereunder and in reliance on similar exemptions under applicable state laws.

From May 11, 2017 to December 14, 2017, the Company issued 360,000 warrants in connection with the issuance of \$1,800,000 convertible promissory notes. The warrants have an exercise price of the lower of \$7.00 per share or the price per share in the Company's latest debt or equity financing greater than \$3,000,000 and a term of 3 years.

From May 11, 2017 to December 14, 2017, the Company issued up to \$1,900,000 convertible promissory notes due between November 11, 2017 and June 14, 2018. The notes bear interest at 8% per year and are convertible into common stock at the lower of \$7.00 per share or the price per share in the Company's latest debt or equity financing greater than \$3,000,000.

On October 30, 2017, the Company issued 50,000 common stock shares at \$3.50 per share for consulting services to be performed over a one year period.

Purchase of Our Equity Securities by Officers and Directors

None

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable to smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of the results of operations and financial condition of CURE Pharmaceutical Holding Corp., a Nevada corporation for the years ended December 31, 2017 and 2016 should be read in conjunction with the financial statements of CURE Pharmaceutical Holding Corp., and the notes to those financial statements that are included elsewhere in this Form 10-K. This discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as CURE Pharmaceutical Holding Corp.'s plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Business sections in this Form 10-K. Words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements.

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BUSINESS

CURE Pharmaceutical Holding Corp. (the “Company”) was incorporated in the State of Nevada on May 15, 2014. The Company was formerly named Makkanotti Group Corp. which was formed to engage in the business of manufacturing food paper bags in Nicosia, Cyprus.

On November 7, 2016, the board of directors and the majority stockholder of the then outstanding shares of the registrant’s common stock executed a written consent to change the registrant’s name to CURE Pharmaceutical Holdings Corp. from Makkanotti Group Corp. The Certificate of Amendment to Articles of Incorporation was filed with the State of Nevada on November 30, 2016.

CURE Pharmaceutical Corporation

Our wholly owned subsidiary and operating business, CURE Pharmaceutical, located in Oxnard, California was originally incorporated in July 2011 to develop novel drug formulation and delivery technologies.

The pharmaceutical industry is facing ever-growing R&D expenditure and fewer new drug approvals as a result of increasing regulation, a failure to predict safety problems or a lack of efficacy early in a drug’s development, and high investment in new technologies to improve the speed and accuracy of drug development. In addition to these challenges to the industry’s operators, many leading drugs are coming off-patent, creating a need to fill revenue gaps. The pharmaceutical industry is also challenged by the many patients who do not adhere to a regime of prescription drugs because of side effects, difficulty in administration or the taste of a drug. According to HealthPrize and Capgemini, the loss of global revenues by drug makers due to non-adherence to medicines is \$630 billion every year.

Improved formulations can address these many challenges by cutting down development costs, reducing the time to market, extending product patent protection, improving patient compliance and increasing drug efficacy. For example, reformulation can enable drug repositioning, the process of finding new uses for failed drugs, such as those abandoned for lack of efficacy after Phase II trials, or marketed drugs for which new uses will extend patent life and, therefore, profitability.

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The veterinary industry, which is under pressure to acquire new products and revenue streams, will benefit from similar formulation-focused commercial strategies, addressing a significant need for improved ease of administration by animal caregivers and handlers.

Our Product

CUREFilm™ Technology

The founders of CURE Pharmaceuticals are pioneers in drug delivery and oral thin film (OTF), having launched the first therapeutic OTF product, Chloraseptic® relief strips in 2003. OTF products are about the size of a postage stamp and can deliver medicines through the mucosal tissue in the mouth, sublingually or buccally – on the cheek or via the gastrointestinal tract. Oral transmucosal drug

delivery is a non-invasive route for drug delivery that allows for absorption directly into the vascularized tissue in the mouth, bypassing the hepatic first pass effect. This leads to reduced drug exposure, and can offer a rapid onset of action. As an OTF, pharmaceutical actives can be either pre-solubilized or encapsulated, or both for more effective GI absorption and/or sustained release. The quick dissolution nature of OTF means that no water is required for administration, improving patient compliance - especially among the elderly, children, and in conditions where patients have difficulty in swallowing.

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The CUREfilm platform is a scalable and versatile formulation and drug delivery system for both oral (OTF) and transdermal (skin) delivery. CUREfilm formulations can improve or match the pharmacokinetics of drugs in accordance with the desired outcome. The platform is compatible with a broad spectrum of molecules, for the formulation of both investigational and marketed prescription, OTC and nutraceutical products.

The competitive advantages of the CUREfilm platform over other OTF technology are protected by issued and pending patents, as well as trade secrets, and are as follows:

1. A dual layer approach with a liquid-based film layer and a powder matrix layer. The powder composition which may include an active ingredient, can be used to modulate the mucoadhesiveness of the film as well as the dissolution and absorption rates of the medicament. This approach protects the active ingredient from high shear and heat which can degrade the drug.
2. Micro-encapsulation of drug actives that allows for loading higher amounts of an active ingredient, such that we can deliver lower potency drugs in a single dose. By extension, multiple actives can be loaded onto a single dose. The micro-encapsulation process, envelopes all or part the active ingredients with microscopic particles or droplets to protect and shield them. This technique allows the delivery of higher dosing with better flavor masking, increase stability of the active ingredient as well sustained drug release.
3. Proprietary equipment design and manufacturing processes, pursued as trade secrets, allow us to produce CUREfilm products at commercial scale in a cGMP environment.

Business Strategy

Our commercial strategy is designed to mitigate risk by pursuing a diversified model.

1. **Nutraceuticals.** We manufacture select nutraceuticals that complement our portfolio and align with our mission, in partnership with distributors. This approach provides us with short term revenue opportunities.
2. **Pharmaceuticals.** We partner with companies that are responsible for clinical development and regulatory approval with the FDA and/or other regulatory bodies, as well as for the marketing and distribution of the products. On a case-by-case basis, we may be responsible for providing all or part of the documentation required for regulatory submissions and for conducting the preclinical testing of our products. Deal terms may include upfront licensing fees, development costs, milestone payments and exclusive manufacturing rights. Within this category, we are further diversifying risk and return by pursuing product life cycle opportunities (e.g. Sildenafil CUREfilm) as well as investigational drugs (e.g. PEA & Dronabinol combination CUREfilm). While we currently manufacture nutraceutical products in our state-of-the-art cGMP oral film manufacturing facility, we are undertaking steps to manufacture pharmaceutical products for commercial use.
3. **Cannabinoids.** We are specifically investing in pharmaceutical-grade cannabinoid products, such as tetrahydrocannabinol (THC) and cannabidiol (CBD). The oral bioavailability of cannabinoids is very low due to extensive “first-pass” metabolism. Consequently, potency and release times are unpredictable and inconsistent. Moreover, cannabinoids don’t readily dissolve in water which adds to dosing difficulties and discrepancies. In addition to improving bioavailability, CUREfilm enables the loading of combinations of cannabinoids and other plant extracts that, together, provide maximum therapeutic benefit. We are investing in preclinical cannabinoid research at the Technion – Israel Institute of Technology, where the laboratory of Dr. Dedi Meiri is identifying specific combinations of cannabinoids with anti-tumor effects. We are undertaking steps to research scheduled drugs at our Oxnard facility.
4. **Underserved patient populations.** Consistent with our mission of improving the lives of all people in need, regardless of geography or economic status, we have made our technology available to a private company, Oak Therapeutics (“Oak”), that is developing novel drug formulations for patients in developing nations (“Territory”). On November 10, 2017, we received 269,000 shares of Oak as consideration for an exclusive license to our patents rights in the Territory, along with a royalty-free non-exclusive license to any improvements made by Oak. As a result of this transaction, we own approximately 63% of Oak’s outstanding shares and have consolidated Oak’s financial statements as of the fourth quarter 2017. Oak has completed a Phase I Small Business Innovative Research Contract (“SBIR”) from the National Institutes of Health to develop a formulation for 300mg of Isoniazid in a rapidly dissolving film as an anti-tuberculosis treatment option. Oak is currently in the application process for Phase II of the SBIR program to continue its research and development and focus on manufacturing scale up, clinical trials and commercialization.

Office

Our corporate office is located at 1620 Beacon Place, Oxnard, California 93033. Our phone number is (805) 824-0410.

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RESULTS

Revenues

Revenues for the year ended December 31, 2017 were \$180,404, an increase from \$84,165 generated in the year ended December 31, 2016. Revenues have increased by \$96,239 in the year ended December 31, 2017 compared to the year ended December 31, 2016. The increase was due to the increase in sales to one customer for our Sleep OTF product and we expect to see a larger increase in 2018 as well. In addition, the Company completed two research and development deals with two customers during the year ended December 31, 2017. The Company did not generate this type of revenue in the year ended December 31, 2016.

Cost of Goods Sold

Cost of goods sold was \$180,629 in the year ended December 31, 2017 compared to \$153,330 in the year ended December 31, 2016. Cost of goods sold increased by \$27,299 in the year ended December 31, 2017 compared to the year ended December 31, 2016. During the year ended December 31, 2017, the Company incurred higher sales in both compared to the year ended December 31, 2016

resulting in higher cost of goods sold for the year ended December 31, 2017 compared to the same period in 2016.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2017 amounted to \$5,914,514, and for year ended December 31, 2016 amounted to \$3,103,710. For the year ended December 31, 2017 and 2016, selling, general and administrative expenses were mainly comprised of amortization, commission, insurance, payroll, consulting, marketing, public company expenses, legal, accounting, facility rent and travel expenses. The increase in the selling, general and administrative expenses during the year ended December 31, 2017 compared to the year ended December 31, 2016 was due to the increase in payroll as well as noncash transactions relating to amortization of common stock issued for consulting services, commissions and recording the fair value of warrants issued for services totaling \$3,143,805. In addition, the Company increased our marketing expenses during the year-ended December 31, 2017 compared to the same period in 2016 as we began to rebrand the Company

Research and Development Expenses

For the year ended December 31, 2017, research and development expenses increased to \$1,427,341 compared to the year ended December 31, 2016 of \$753,369. As the Company was able to raise funds during 2016 and 2017 by issuing convertible promissory notes, we were able to continue to focus on spending to improve our intellectual property. At the same time the Company focused on developing potential partnerships with pharmaceutical and bioscience companies and new OTC and prescription products. This is evident by our research and development deals for the development of a Sildenafil CUREfilm and a PEA and Dronabinol combination CUREfilm as well as our investment in preclinical cannabinoid research at the Technion – Israel Institute of Technology, where the laboratory of Dr. Dedi Meiri is identifying specific combinations of cannabinoids with anti-tumor effects. In addition, our subsidiary Oak Therapeutics, Inc. has completed a Phase I Small Business Innovative Research Contract (“SBIR”) from the National Institutes of Health to develop a formulation for 300mg of Isoniazid in a rapidly dissolving film as an anti-tuberculosis treatment option. Oak is currently in the application process for Phase II of the SBIR program to continue its research and development and focus on manufacturing scale up, clinical trials and commercialization.

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Other Income/Expenses

Other income/expenses for the years ended December 31, 2017 and 2016 amounted to \$821,588 and \$231,236, respectively. The increase of \$590,352 is mainly due to the company recording the change in derivative liability of \$742,109 offset by the increase in interest expense of \$1,460,612 due to the Company recording the amortization of beneficial conversion features and fair value of warrants issued.

Liquidity and Capital Resources

As of December 31, 2017, our total assets were \$2,099,885 comprised of cash of \$108,249, accounts receivable of \$4,364, inventory of \$44,996, prepaid expenses and other assets of \$586,888, net property equipment of \$337,361, net intangibles of \$900,472 and other assets of \$117,555. Our total liabilities were \$4,089,071 comprised of accounts payable of \$544,980, accrued expenses of \$129,978, current portion of loan and note payables of \$850,425, current portion of convertible promissory notes of \$1,551,488, derivative liability of \$90,738, deferred revenue of \$361,462, and license fees of \$560,000.

As of December 31, 2016, our total assets were \$2,835,092 comprised of cash of \$1,106,142, accounts receivable of \$7,049, inventory of \$81,285, prepaid expenses and other assets of \$223,879, net property equipment of \$370,648, net intangibles of \$894,510, and other

assets of \$151,579. Our total liabilities were \$1,118,039 comprised of accounts payable of \$265,386, accrued expenses of \$26,305, current portion of loan and note payables of \$83,277, current portion of capital lease payable of \$9,453, deferred revenue of \$173,618, and license fees of \$560,000.

Cash flows used in operating activities

For the year ended December 31, 2017, operating activities consumed \$3,555,668 of cash. This was primarily the result of a net loss of \$8,149,885, offset by depreciation and amortization of \$164,596, amortization of warrants granted for discount of convertible promissory notes of \$535,195, warrants granted for commission expense \$832,000, amortization of prepaid stock-based compensation of \$2,311,805, amortization of loan discounts of \$953,179 and the change in derivative liability of \$742,109 as well as the changes in prepaid expenses and other assets of \$104,091, accounts payable of \$279,594, accrued expenses of \$102,882 and deferred revenue of \$187,844.

For the year ended December 31, 2016, operating activities consumed \$3,516,430 of cash. This was primarily the result of a net loss of \$4,157,480, offset by depreciation and amortization of \$172,608 and warrants granted for services of \$607,906 as well as the changes in inventory of \$110,180, prepaid expenses and other assets of \$185,757, and accounts payable of \$298,204.

Cash flows used in investing activities

Investment activities used an additional \$88,920 of cash during the year ended December 31, 2017, primarily due to cash from the acquisition of Oak Therapeutics of \$65,702, payments for patents and costs associated in the development and improvement of our intellectual property of \$49,480, investment in joint venture of \$5,000 and acquisition of property and equipment of \$100,142.

Investment activities used an additional \$206,767 of cash during the year ended December 31, 2016, primarily due to payments for patents and costs associated in the development and improvement of our intellectual property of \$45,930, payment for a note receivable of \$18,290, investment in joint venture of \$20,421 and acquisition of property and equipment of \$122,126.

Cash flows provided by financing activities

Financing activities provided \$2,646,695 of cash for the year ended December 31, 2017, primarily as the result of proceeds from the issuance of convertible promissory notes of \$2,855,549 and repayments of convertible promissory note and loan payables of \$199,401 and capital lease payments of \$9,453.

Financing activities provided \$4,815,987 of cash for the year ended December 31, 2016, primarily as the result of proceeds from the issuance of convertible promissory notes of \$5,855,575 and repayments of convertible promissory note and loan payables of \$1,039,588.

The financial statements in this Form 10-K are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a year from the date of the financial statements.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2017.

Inflation

We do not believe that inflation has had a material effect on our Company's results of operations.

CRITICAL ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates its estimates and judgments, including those related to receivables and accrued expenses. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable based on the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to the appropriate carrying value of the Company's intangible assets, the amount of stock compensation, and the amount of accrued liabilities that are not readily attainable from other sources. These accounting policies are described at relevant sections in this discussion and analysis and in the notes to the consolidated financial statements.

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CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles of the United States (“U.S. GAAP”) requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the financial statements and accompanying notes. The SEC has defined a company’s critical accounting policies as the ones that are most important to the portrayal of the company’s financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting policies and judgments addressed below. We also have other key accounting policies, which involve the use of estimates, judgments, and assumptions that are significant to understanding our results. For additional information, see Note 2 – “Summary of Significant Accounting Policies”. Although we believe that our estimates, assumptions, and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments, or conditions.

Impairment of Long-Lived Assets

Long-lived assets include equipment and intangible assets other than those with indefinite lives. We assess the carrying value of our long-lived asset groups when indicators of impairment exist and recognize an impairment loss when the carrying amount of a long-lived asset is not recoverable when compared to undiscounted cash flows expected to result from the use and eventual disposition of the asset.

Indicators of impairment include significant underperformance relative to historical or projected future operating results, significant changes in our use of the assets or in our business strategy, loss of or changes in customer relationships and significant negative industry or economic trends. When indications of impairment arise for a particular asset or group of assets, we assess the future

recoverability of the carrying value of the asset (or asset group) based on an undiscounted cash flow analysis. If carrying value exceeds projected, net, undiscounted cash flows, an additional analysis is performed to determine the fair value of the asset (or asset group), typically a discounted cash flow analysis, and an impairment charge is recorded for the excess of carrying value over fair value. The Company did not write off any patents during the year ended December 31, 2017. The Company wrote off \$58,522 of patents during the year ended December 31, 2016.

Going Concern

The Company has an accumulated deficit balance as of December 31, 2017 and net loss during the year ended December 31, 2017; the Company's financial statements are prepared using U.S. GAAP applicable to a going concern for the next twelve months from the date of this filing, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it establishes a revenue stream and becomes profitable. The Company is continually analyzing its current costs and is attempting to make additional cost reductions where possible. We expect that we will continue to generate losses from operations throughout 2018.

In order to continue as a going concern and to develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through borrowing and/or sales of equity and debt securities. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

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Specifically, management has identified that a minimum of \$4,000,000 of capital is needed over the next 12 months in order to sustain operations. These capital needs take into account, among other things, management's plans to advance intellectual property, maintenance of patents, upgrades for manufacturing and to hire personnel for business development. Management has outlined a plan to raise \$8,000,000 to \$10,000,000 in capital over the next 12 months through either the issuance of shares of the Company's common stock to accredited investors or issuance of convertible promissory notes to accredited investors. Management believes that the capital raised through these methods will be sufficient to sustain operations for the next 12 months. However, the outcome of these matters cannot be predicted with certainty at this time.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary if the Company is unable to continue as a going concern.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2017 and 2016. The respective carrying value of certain on-balance-sheet financial instruments, approximate their fair values. These financial instruments include cash, accounts receivable, accounts payable, accrued expenses and notes payable. Fair values were assumed to approximate carrying values for these financial instruments because they are short term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand.

The Company uses fair value measurements under the three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Recent Accounting Pronouncements

In January 2016, the FASB issued an accounting standard update which requires, among other things, that entities measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value, with changes in fair value recognized in earnings. Under the standard, entities will no longer be able to recognize unrealized holding gains and losses on equity securities classified today as available for sale as a component of other comprehensive income. For equity investments without readily determinable fair values the cost method of accounting is also eliminated, however subject to certain exceptions, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment and plus or minus adjustments for observable price changes, with all such changes recognized in earnings. This new standard does not change the guidance for classifying and measuring investments in debt securities and loans. The standard is effective for us on July 1, 2018 (the first quarter of our 2019 fiscal year). The Company is currently evaluating the anticipated impact of this standard on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease, with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For public companies, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of adopting ASU No. 2016-02 on our consolidated financial statements.

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In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent*

Considerations (Reporting Revenue Gross versus Net) that clarifies how to apply revenue recognition guidance related to whether an entity is a principal or an agent. ASU 2016-08 clarifies that the analysis must focus on whether the entity has control of the goods or services before they are transferred to the customer and provides additional guidance about how to apply the control principle when services are provided and when goods or services are combined with other goods or services. The effective date for ASU 2016-08 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company does not anticipate a significant impact upon adoption.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation, or ASU No. 2016-09. The areas for simplification in this Update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, the amendments in this Update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. Amendments related to the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement should be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term should be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. We are currently evaluating the impact of adopting ASU No. 2016-09 on our consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which provides further guidance on identifying performance obligations and improves the operability and understandability of licensing implementation guidance. The effective date for ASU 2016-10 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients” was issued in June 2016 and clarifies the objective of the collectability criterion, presentation of taxes collected from customers, non-cash consideration, contract modifications at transition, completed contracts at transition and how guidance in Topic 606 is retrospectively applied. The amendments do not change the core principle of the guidance in Topic 606. The effective dates are the same as those for Topic 606.

FASB ASU 2014-12, “Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period” was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award’s grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. This update did not have a significant impact upon early adoption.

FASB ASU 2014-15, “Presentation of Financial Statements—Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern” was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2015-11, “Simplifying the Measurement of Inventory” was issued in July 2015. This requires entities to measure most inventory “at the lower of cost and net realizable value,” thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. The ASU will not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. For public business entities, the ASU is effective prospectively for annual periods beginning after December 15, 2016, and interim periods therein. Upon transition, entities must disclose the nature of and reason for the accounting change. The Company does not anticipate a significant impact upon adoption.

FASB ASU No. 2015-15, Interest—Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements” was issued in August 2015 which permits an entity to report deferred debt issuance costs associated with a line-of-credit arrangement as an asset and to amortize such costs over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings under the credit line. The ASU applies to all entities and is effective for public business entities for annual periods beginning after December 15, 2015, and interim periods thereafter, with early adoption permitted. The guidance should be applied on a retrospective basis. The Company does not anticipate a significant impact upon adoption.

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FASB ASU 2015-17, “Income Taxes Balance Sheet Classification of Deferred Taxes” was issued in November 2015. This requires entities to classify deferred tax liabilities and assets as noncurrent in a classified statement of financial position and applies to all entities that present a classified statement of financial position. For public entities, this update is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326)” was issued in June 2016. This ASU amends the Board’s guidance on the impairment of financial instruments. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. This ASU is effective for fiscal years beginning after December 15, 2019. Early adoption will be permitted. The Company does not anticipate a significant impact upon adoption.

ECONOMY AND INFLATION

Except as disclosed herein, we have not experienced any significant cancellation of orders due to the downturn in the economy and only a small number of customers requested delays in delivery or production of orders in process. Our management believes that inflation has not had a material effect on our results of operations.

OFF-BALANCE SHEET AND CONTRACTUAL ARRANGEMENTS

We do not have any off-balance sheet or contractual arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, and results of operations, liquidity or capital expenditures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our consolidated financial statements and the related notes begin on Page F-1, which are included in this Annual Report on Form 10-K.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

Our principal executive and principal financial officers have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a – 15(e) and 15d – 15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are

designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods required under the SEC's rules and forms and that the information is gathered and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(c) as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. Based on this assessment, management concluded that the Company did not maintain effective internal controls over financial reporting as a result of the identified material weakness in our internal control over financial reporting described below. In making this assessment, management used the framework set forth in the report entitled Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication and (v) monitoring.

Identified Material Weakness

A material weakness in our internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement or the financial statements will not be prevented or detected. Management identified the segregation of duties as a material weakness during its assessment of internal controls over financial reporting as of December 31, 2017: As of December 31, 2017, we had one full-time employee with the requisite expertise in the key functional areas of finance and accounting. As a result, there is a lack of proper segregation of duties necessary to insure that all transactions are accounted for accurately and in a timely manner. As our resources allow, we will add financial personnel to our management team.

(b) Changes In Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the fiscal quarter ended December 31, 2017 that materially affected, or is reasonably likely to have a materially affect, on our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Our executive officers, directors and significant employees and their ages and their respective positions as of December 31, 2017 were as follows:

Name	Age	Position
Robert Davidson	50	Chairman of the Board, Chief Executive Officer
Edward Maliski	69	Chief Scientific Officer, President
Wayne Nasby(1)	56	Chief Operating Officer
Mark Udell	40	Chief Financial Officer, Treasurer and Secretary
Jessica Rousset(2)	41	Chief Business Officer
William Yuan	57	Director
Charles Berman	74	Director
Alan Einstein	52	Director

1. Wayne Nasby resigned as the Company's Chief Operating Officer effective January 21, 2018.
2. Jessica Rousset was also appointed the Company's Chief Operating Officer effective January 22, 2018.

Officers are elected annually by the Board of Directors (subject to the terms of any employment agreement), at our annual meeting, to hold such office until an officer's successor has been duly appointed and qualified, unless an officer sooner dies, resigns or is removed by the Board.

Background of Executive Officers and Directors

The following is a brief account of the education and business experience of the incoming directors and executive officers during at least the past five years, indicating the person's principal occupation during the period, and the name and principal business of the organization by which he or she was employed.

Robert Davidson, Chairman of the Board and Chief Executive Officer

Robert Davidson has served as the Chairman of the Board and Chief Executive Officer of CURE Pharmaceutical since July 2011. Prior to his role at CURE Pharmaceutical, Mr. Davidson served as President and Chief Executive Officer of InnoZen Inc., Chief Executive Officer of Gel Tech LLC, Chief Executive Officer of Bio delivery Technologies Inc., and Director of HealthSport Inc. Mr. Davidson was responsible for the development of several drug delivery technologies and commercial brand extensions. He has worked with brands such as Chloraseptic™, Suppress™, as well as Pediastrip™, a private label electrolyte oral thin film sold in major drug store chains. Mr. Davidson is also considered an industry expert leader in OTF technology. Mr. Davidson received his B.S. degree with a concentration in Biological Life Sciences from the University of the State of New York, Excelsior College. He has a Masters Certificate in Applied Project Management from Villanova University, Masters of Public Health from American Military University, Virginia and a Masters in Health and Wellness from Liberty University, Virginia. Mr. Davidson is also a Certified Performance Enhancement Specialist and Fitness Nutrition Specialist through the National Academy of Sports Medicine and attended Post-Graduate Studies at the University of Cambridge. Mr. Davidson's experience as our Chief Executive Officer and Chairman, and his extensive knowledge of OTF and drug delivery technologies qualifies him to serve on our Board.

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Edward Maliski, PhD – President and Chief Science Officer

Dr. Edward Maliski has served as the President, Chief Science Officer and Director of CURE Pharmaceutical since July 2011. Dr. Maliski is an accomplished research scientist with 30 years of experience in the development of pharmaceutical and biotechnology products. As an executive leader and strategist, Dr. Maliski contributed his expertise in project management and chemical research to facilitate the transfer of new discoveries into pharmaceutical products for the Sterling Winthrop Research Institute, Glaxo Research Institute, Merck & Co., and Amgen Inc. Additionally, Dr. Maliski has worked with several successful start-up companies.

Wayne Nasby – Chief Operating Officer

Wayne Nasby had served as the Chief Operating Officer and director of Cure Pharmaceutical from July 2011 until January 21, 2018. He has over 30 years of experience in the healthcare industry and has been recognized by industry and regulatory leaders for his proven track record in cGMP pharmaceutical regulatory compliance and innovation. Prior to Cure Pharmaceutical, Mr. Nasby served as the Vice President of Operations at InnoZen, Inc. He also served in various management positions at Amgen Inc. within quality assurance, supply chain, and corporate project management. During his twenty year tenure at Amgen, Inc., Mr. Nasby also established and directed distribution of pharmaceutical products to Asia, Australia, Europe and Puerto Rico.

Mark Udell, CPA – Chief Financial Officer and Treasurer

Mark Udell has served as the Chief Financial Officer, Treasurer and Secretary of CURE Pharmaceutical since July 2011. He is a

Certified Public Accountant with over 17 years of experience in finance and accounting. Prior to joining the Company in 2011, Mr. Udell served as InnoZen, Inc.'s Chief Accounting Officer and Controller and was responsible for establishing, monitoring and enforcing policies and procedures for the company as well as conducting audits and working with external auditors. While working at CURE and InnoZen, Inc., Mr. Udell gained valuable knowledge in the drug delivery industry and is a key contributor in the development and commercialization of various drug delivery technologies. He has also held the position as Auditing Manager at Green Hasson & Janks, LLP in Los Angeles. Mr. Udell received his B.A. in Business Economics with a concentration in accounting from the University of California, Santa Barbara.

Jessica Rousset – Chief Business Officer

Jessica Rousset has been with the Company since March 15, 2017 as the Company's Chief Business Officer where Mrs. Rousset oversees operations and drives corporate strategy and growth. Mrs. Rousset was also appointed as the Company's Chief Operating Officer on January 22, 2018. She is a seasoned business development and commercialization leader, expert in bridging corporate, academic and governmental interests toward the common goal of improving patient's lives. She brings more than fifteen years of experience fostering innovation in large organizations and advising start-ups to bring novel healthcare solutions to market and into clinical use. Mrs. Rousset previously served as Head of Innovation at Children's Hospital Los Angeles, where over a ten year period from 2011 to 2016, she helped launch both therapeutic and medical device companies and founded and operated a national pediatric technology accelerator. Prior to that, Mrs. Rousset held positions at The Scripps Research Institute and GlaxoSmithKline Biologicals in laboratory, clinical research and business development roles. She trained as a biochemical engineer at the Institut National des Sciences Appliquées in Lyon, France.

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William Yuan – Director

William Yuan was most recently Chairman and CEO of Fortress Hill Holdings, an Asian-based investment banking firm. With 23 years in global finance experience, he has served as a key strategist and advisor to international institutions. U.S. companies advised by Mr. Yuan include Amgen Corp., Biogen, GE Capital, Warner Brothers Studios, and Fox News. He has also guided such leading Asian institutions as Sina.com, Shanghai Petrochemicals, Jinlia Pharmaceutical and Tsingtao Beer Corp. In 1995, Mr. Yuan led Merrill Lynch Asset Management Asia, and managed one of the largest pension/retirement funds in the world, with a \$488 billion portfolio under his leadership. Simultaneously, he was chairman and portfolio manager of the \$1.2 billion AmerAsia Hedge Fund. In 1993, he was the founder and managing director of the Corporate Institutional Services Group at Merrill Lynch Asset Management. Prior to that, Mr. Yuan served as a senior-vice president and co-manager at Morgan Stanley Smith Barney's Portfolio Management Corporation with dual functions as co-head of the Capital Markets Derivative team, and Chairman of the Technology Investment Management and Executive Policy Committee. He began his finance career at Goldman Sachs in 1983 as an investment banker in Mergers & Acquisitions. Mr. Yuan is a member of the International Who's Who of Finance, Technology, Media and Telecom. Mr. Yuan holds a Bachelor of Science degree in Economics from Cornell University and attended Harvard University's John F. Kennedy School as a Mason Fellow. Mr. Yuan's extensive finance, investment banking and corporate strategy background as well as his experience advising large pharmaceutical companies such as Amgen, Biogen and Jinlia Pharmaceutical qualify him to serve on our Board.

Charles Berman - Director

Most recently a former shareholder of the international law firm of Greenberg Traurig, Charles Berman has focused his practice in patent work for more than 40 years. His clients included both major corporations and smaller companies, which he represents within the U.S. and internationally. He has a degree in electrical engineering and a law degree from the University of Witwatersrand in Johannesburg, where he also started his legal career, concentrating in patent work. In 1978 Berman joined Lyon & Lyon's Los Angeles office as an

associate, and then was a partner in other national law firms including Merchant & Gould of Minnesota. He is admitted to practice before the US Patent and Trademark Office, the U.S. District Court, Central District of California and the US Supreme Court. From 1996-2000, he served as president, secretary and treasurer of the Los Angeles Intellectual Property Law Association (“LAIPLA”), and has represented LAIPLA and the California State Bar Intellectual Property Section before the U.S. Bar/European Patent Office- Liaison Council and the U.S. Bar/Japanese Patent Office- Liaison Council since 1990. Berman also has been a member of the Editorial Board of Managing Intellectual Property magazine since 1992. A board member of the American Intellectual Property Association from 1995 to 1998, he was a founding fellow of the AIPLA and served as Chair of the Fellows. Mr. Berman’s extensive work experience as a patent attorney providing legal services to major corporations and smaller companies, both within the U.S. and internationally, qualifies him to serve on our Board.

Alan Einstein - Director

Dr. Alan Einstein, grandson to famed Albert Einstein, has been practicing medicine since 1996. His educational history includes a Bachelors of Science undergraduate degree in Physical Chemistry from The University of Florida. Subsequently, he earned his medical degree from The College of Osteopathic Medicine and Surgery in Des Moines, Iowa, in 1992. Subsequently, Dr. Einstein completed his Internship and Residency training at The Johns Hopkins University School of Medicine/Sinai Hospital program in Internal Medicine, in Baltimore, MD in 1995, where he was recognized as, “The Outstanding Senior Resident of the Year.” Dr. Einstein is also involved in medical research utilizing Umbilical Cord Blood stem cells, with a particular interest in Parkinson’s disease. Dr. Einstein also assisted Senator David Shafer in the writing and passage of Georgia’s first and only Cord Blood stem cell bill. Furthermore, in July 2006, Georgia’s Governor Sonny Perdue appointed Dr. Einstein to the, “Commission for Newborn Umbilical Cord Blood Research and Medical Treatment.” He emphasizes health and preventative care to allow individuals to achieve their maximum potential. He has numerous areas of medical expertise including cardiovascular diseases, diabetes, thyroid and hormone metabolism disorders. He emphasizes returning adults to a normal hormonal state, yet via a more natural route. Furthermore, Dr. Einstein is a thought leader in the area of metabolic syndrome and its role in weight gain and overall health and longevity. He has presented to his medical peers at numerous medical institutions and conferences around the country, and has been featured on Video Health Magazine and Diabetes News Stand. Dr. Einstein prides himself in individualized and unrushed medical care. He takes detailed histories and performs thorough physical examinations while paying attention to detail.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual meeting of our shareholders or until removed from office in accordance with our bylaws.

Our executive officers are appointed by our board of directors and hold office until removed by the board.

Significant Employees

None.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present director, person nominated to become director, executive officer, or control person: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Audit Committee

We do not have a separately-designated standing audit committee. The entire board of directors performs the functions of an audit committee, but no written charter governs the actions of the board of directors when performing the functions of that would generally be performed by an audit committee. The board of directors approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the board of directors reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

We do not have an audit committee financial expert because of the size of our company and our board of directors at this time. We believe that we do not require an audit committee financial expert at this time because we retain outside consultants who possess these attributes.

Nominating Committee

We do not have a nominating committee. The board of directors acts as the nominating committee and members of the board participate in the discussions. If the size of the board expands, the board will reconsider the need or desirability of a nominating committee.

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Compensation Committee

We do not have a compensation committee. If the size of the board expands, the board will reconsider the need or desirability of a compensation committee.

For the fiscal year ending December 31, 2017, the board of directors:

1. Reviewed and discussed the audited financial statements with management, and
2. Reviewed and discussed the written disclosures and the letter from our independent auditors on the matters relating to the auditor's independence.

Based upon the board of directors' review and discussion of the matters above, the board of directors authorized inclusion of the audited financial statements for the year ended December 31, 2017 to be included in this Annual Report on Form 10-K and filed with the Securities and Exchange Commission.

Code of Ethics Disclosure

We adopted a Code of Ethics. The code of ethics is available on the Company's website.

ITEM 11. EXECUTIVE COMPENSATION.

The following executive compensation disclosure reflects all compensation for the periods ended December 31, 2017 and 2016, received by our principal executive officer, principal financial officer, and most highly compensated executive officers.

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SUMMARY COMPENSATION TABLE

Name & Principal Position	Fiscal Year Ended December 31,	Salary (\$)	Bonus (\$)	All Other Compensation (\$)	Total (\$)
Robert Davidson (1)	2017	155,000	-	-	155,000
Chief Executive Officer and Chairman	2016	118,333	-	-	118,333

Edward Maliski (1) President, Chief Scientific Officer	2017	60,000	-	-	60,000
	2016	37,500	-	-	37,500
Wayne Nasby (1) (2) Chief Operating Officer	2017	129,783	-	-	129,783
	2016	104,792	-	-	104,792
Mark Udell Chief Financial Officer, Treasurer and Secretary	2017	115,000	-	-	115,000
	2016	102,305	-	-	102,305
Jessica Rousset (3) Chief Business Officer	2017	127,953	-	-	127,953
	2016	-	-	-	-
Michael Hlavsa (4)	2017	-	-	-	-
	2016	-	-	-	-
Anna Ioannou (5)	2017	-	-	-	-
	2016	-	-	-	-

(1) This does not include convertible promissory notes issued to such executive in connection with accrued payroll as described in "Certain Relationships and Related Transactions" under Item 2.01 "Completion of Acquisition or Disposition of Assets" in the Form 8-K filed December 13, 2016.

(2) Wayne Nasby entered into a separation agreement that was effective January 21, 2018

(3) Jessica Rousset was appointed to Chief Operating Officer effective January 22, 2018

(4) Michael Hlavsa resigned as the Company's president, chief executive and treasurer on November 7, 2016.

(5) Anna Ioannou resigned as the Company's president, chief executive and treasurer on June 28, 2016.

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Director Compensation

The table below summarizes all compensation earned by each of our directors for services performed during our fiscal year ended December 31, 2017 and 2016.

Name	Fiscal Year Ended	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Non-qualified Deferred Comp Earnings (\$)	All Other Comp (\$)	Total (\$)
Robert Davidson	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-
William Yuan	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-
Charles Berman	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-
Anna Ioannou (1)	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-

Michael Hlavsa	2017							
(2)	2016	-	-	-	-	-	-	-
Alan Einstein	2017							
	2016							

(1) Anna Ioannou resigned as the Company's director on June 28, 2016.

(2) Michael Hlavsa resigned as the Company's director on November 7, 2016.

Employment Agreements

On March 15, 2017 (the "Effective Date"), the Company entered into an employment agreement with Jessica Rousset ("Executive") to serve as the Company's Chief Business Officer with such customary responsibilities, duties and authority normally associated with such position. In the performance of such duties, the Executive shall report to the Board of Directors and shall receive a base salary at a rate of \$145,000 per annum (such annual base salary, as it may be adjusted from time to time, the "Annual Base Salary"). The Annual Base Salary shall be paid in equal installments in accordance with the customary payroll practices of the Company, but no less frequently than monthly. The Company's Board shall review the Executive's salary at least once a year and shall increase her salary if, in the sole discretion of the Board, an increase is warranted. The term of employment under the employment agreement (the "Term") shall commence on the Effective Date and continue for a period of one year, unless terminated in accordance with Section 3 of the employment agreement. Following the expiration of the initial Term, the Term shall be extended by one year unless terminated by either the Executive or the Company.

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Potential Payments Upon Termination or Change-in-Control

The Company and Wayne Nasby entered into a Separation Agreement which granted Mr. Nasby a separation payment totaling \$65,000 which is equivalent to six months of his base salary, less standard payroll deductions and withholdings, in six monthly payments beginning January 31, 2018. Additionally, the Company will pay Mr. Nasby's COBRA premiums for six months following the Separation Date, totaling approximately \$35,000.

We currently have no other contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to a named executive officer at, following, or in connection with any termination, including without limitation resignation, severance, retirement or a constructive termination of a named executive officer, or a change in control of the registrant or a change in the named executive officer's responsibilities, with respect to each named executive officer.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information, as of March 21, 2018 with respect to the beneficial ownership of the outstanding common stock by (i) any holder of more than five (5%) percent; (ii) each of our executive officers and directors; and (iii) our directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

Named Executives Officers and Directors (1)	Number of Shares Beneficially Owned (2)	Percent of Class (3)
Robert Davidson	535,469	2.24%
Edward Maliski	471,131	1.97%
Mark Udell	442,632	1.85%
Jessica Rousset	-	-
William Yuan	-	-
Charles Berman	-	-
Alan Einstein	-	-
All Executive Officers and Directors as a group (7 person)	1,449,232	6.06%
5% Shareholders		
The Branstetter Group (5)	2,754,626	11.53%
Climate Change Investigation, Innovation and Investment Company, LLC (6)	3,000,000	12.55%

- (1) Unless otherwise noted, the address for each of the named beneficial owners is: 1620 Beacon Place, Oxnard, California 93035.
- (2) Beneficial ownership is determined in accordance with the rules of the Commission generally includes voting or investment power with respect to securities. Under the rules of the Commission, a person (or group of persons) is deemed to be a “beneficial owner” of a security if he or she, directly or indirectly, has or shares a power to vote or to direct the voting of such security. Accordingly, more than one person may be deemed to be a beneficial owner of the same security. In accordance with Commission rules, shares of Common Stock that may be acquired upon exercise of stock options or warrants which are currently exercisable or which become exercisable within 60 days of the date of the table are deemed beneficially owned by the optionees. Subject to community property laws, where applicable, we believe the persons or entities named in the table above have sole voting and investment power with respect to all shares of the Common Stock indicated as beneficially owned by them.
- (3) In determining percentage of outstanding, we included shares issued and outstanding, shares obligated to be issued and the securities identified (if consisting of derivative securities) as if issued. As of December 31, 2017, we had 23,901,252 shares of common stock.
- (4) The address for this shareholder is 271 North Sepulveda, California 90266.
- (5) The address for this shareholder is 12 San Rafael Avenue, Belvedere, California 94920.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

As of March 31, 2016 our sole officer and director advanced us \$4,032, which is not a part of a Loan Agreement. Anna Ioannou verbally agreed to loan this amount to the Company. The loan is not interest bearing, without any profit and has no set maturity date, and the Company intends to repay the loan as cash flow becomes available. Ms. Ioannou was not repaid from the proceeds of the offering in 2016. There is no due date for the repayment of the funds advanced by Ms. Ioannou. Ms. Ioannou will be repaid from revenues of operations if and when we generate significant revenues to pay the obligation. There is a written agreement evidencing the advancement of funds by Ms. Ioannou.

On various dates from October 31, 2014 to February 2, 2015, CURE Pharmaceutical issued convertible promissory notes to Ronick, Inc., (“Ronick”) totaling \$89,000 that were due on February 25, 2016, but Ronick has agreed to extend the due date to August 31, 2016. Robert Davidson, our Chief Executive Officer and director, is a shareholder of Ronick. Interest is payable at 3% per annum and is secured by technology and patent rights. Principal and accrued interest is convertible into common stock at \$4.00 per share. This conversion is subject to an adjustment if CURE Pharmaceutical sells stock or grants conversion rates at a lower price; however, Ronick has subsequently agreed to waive these conversion rights and will convert at \$4.00 per share. As of October 6, 2016, Ronick has converted \$35,260 of principal and unpaid accrued interest into 8,815 of common stock shares of CURE Pharmaceutical. As of October 6, 2016, Ronick converted \$35,290 of principal and unpaid accrued interest into 8,822 of common stock shares of CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$100,150 of accrued payroll for Robert Davidson into a convertible promissory note. As of October 6, 2016, Robert Davidson has converted \$38,415 of principal and unpaid accrued interest into 9,604 of common stock shares of CURE Pharmaceutical. On October 17, 2016, Robert Davidson transferred his convertible promissory note to Ronick. On that same date, Ronick converted \$38,449 of principal and unpaid accrued interest into 9,612 of common stock shares of

CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$94,312 of accrued payroll for Wayne Nasby, our Chief Operating Officer, into a convertible promissory note. As of October 6, 2016, Wayne Nasby has converted \$48,241 of principal and unpaid accrued interest into 12,060 of common stock shares of the CURE Pharmaceutical. As of October 17, 2016, Wayne Nasby converted \$48,284 of principal and unpaid accrued interest into 12,071 of common stock shares of CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$77,250 of accrued payroll for Edward Maliski, our President and Chief Science Officer, into a convertible promissory note. As of October 6, 2016, Edward Maliski has converted \$39,514 of principal and unpaid accrued interest into 9,878 of common stock shares of CURE Pharmaceutical. As of October 17, 2016, Edward Maliski converted \$39,549 of principal and unpaid accrued interest into 9,887 of common stock shares of CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$51,500 of accrued payroll for Jonathan Turman into a convertible promissory note. As of October 6, 2016, Jonathan Turman has converted \$26,343 of principal and unpaid accrued interest into 6,586 of common stock shares of CURE Pharmaceutical. As of October 17, 2016, Jonathan Turman converted \$26,366 of principal and unpaid accrued interest into 6,591 of common stock shares of CURE Pharmaceutical.

At December 31, 2017, two of our executive officers, Robert Davidson and Mark Udell, had \$7,931 and \$13,716, respectively, due to them and are included in accounts payable. At December 31, 2016, one of our executive officers, Robert Davidson, had \$10,992 due to him and is included in accounts payable.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Our financial statements for the fiscal years ended December 31, 2017 and 2016 were audited by RBSM LLP.

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Since we do not have a formal audit committee, our board of directors serves as our audit committee. We have not adopted pre-approval policies and procedures with respect to our accountants. All of the services provided and fees charged by our independent registered accounting firms were approved by the board of directors.

Services rendered by RBSM LLP

The following is a summary of the fees for professional services rendered by RBSM LLP for the years ended December 31, 2017 and 2016.

Fee Category	2017	2016
Audit fees	\$ 85,000	\$ 85,510
Audit-related fees	-	-
Tax fees	1,500	3,000

Other fees	-	-
Total Fees	<u>\$ 86,500</u>	<u>\$ 88,510</u>

Audit fees. Audit fees represent fees for professional services performed by RBSM LLP for the audit of our annual financial statements and the review of our quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. We did not incur any other fees for services performed by RBSM LLP, other than the services covered in “Audit Fees” for the fiscal years ended December 31, 2017 or 2016.

Tax Fees. Tax fees represent fees for professional services performed by RBSM LLP for the corporate tax preparation for the Federal and State.

Other fees. RBSM LLP did not receive any other fees during for the fiscal years ended December 31, 2017 or 2016.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Exhibit Number	Description
2.1	Share Exchange and Conversion Agreement, dated November 7, 2016 (incorporated by reference from the registrant's Current Report on Form 8-K filed on November 15, 2016)
3.1	Articles of Incorporation (incorporated by reference from the registrant's Registration Statement on Form S-1 filed on June 10, 2015)
3.1.1	Certificate of Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K, as filed with the Securities and Exchange Commission on December 14, 2016)
3.2	Bylaws (incorporated by reference from the registrant's Registration Statement on Form S-1 filed on June 10, 2015)
3.2.1	Amendment to the Bylaws (incorporated by reference from the registrant's Current Report on Form 8-K filed on November 15, 2016)
10.1	Agreement for the Sale of Assets, dated August 19, 2016 (incorporated by reference from the registrant's Current Report on Form 8-K filed on August 26, 2016)
10.2	Form of Share Cancellation Agreement, dated November 7, 2016 (incorporated by reference from the registrant's Current Report on Form 8-K filed on November 15, 2016)
10.3	Form of Warrant, dated November 7, 2016 (incorporated by reference from the registrant's Current Report on Form 8-K filed on November 15, 2016)
10.4	Form of Warrant, dated December 6, 2016 (incorporated by reference from the registrant's Current Report on Form 8-K filed on December 14, 2016).
10.5	Form of Securities Purchase Agreement between CURE Pharmaceutical Holding Corp. and various investors for up to \$5,000 in convertible promissory notes, dated March 20, 2018.*
10.5.1	Form of 9% Convertible Promissory Note, dated March 20, 2018.*
10.5.2	Form of Warrant, dated March 20, 2018.*
21.1	List of Subsidiaries of the Registrant (incorporated by reference to the Form 8-K, as filed with the Securities and Exchange Commission on November 15, 2016).
31.2	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a)\15d-14(a)*
32.1	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
101	Interactive data files pursuant to Rule 405 of Regulation S-T

* Filed herewith

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FINANCIAL STATEMENTS

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[Table of Contents](#)**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
Cure Pharmaceutical Holding Corp. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cure Pharmaceutical Holding Corp. and subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, statement of stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2017, and the related notes (collectively referred to as the notes to consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for the years ended December 31, 2017 and 2016, in conformity with accounting principles generally accepted in the United States of America.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has an accumulated deficit, recurring losses, and expects continuing future losses, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RBSM LLP

We have served as the Company's auditor since 2015.

Henderson, NV

March 23, 2018

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CURE Pharmaceutical Holding Corp Consolidated Balance Sheets

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash	\$ 108,249	\$ 1,106,142
Accounts receivable	4,364	7,049
Inventory	44,996	81,285
Prepaid expenses and other assets	586,888	223,879
Total current assets	744,497	1,418,355
Property and equipment, net	337,361	370,648
Intellectual property and patents, net	900,472	894,510

Other assets	117,555	151,579
Total assets	<u>\$ 2,099,885</u>	<u>\$ 2,835,092</u>

Liabilities and Equity (Deficit)

Current liabilities:

Accounts payable	\$ 544,980	\$ 265,386
Accrued expenses	129,978	26,305
Loan payable	50,425	33,277
Notes payable	800,000	50,000
Capital lease payable	-	9,453
Convertible promissory notes	1,551,488	-
Derivative liability	90,738	-
Deferred revenue	361,462	173,618
Total current liabilities	<u>3,529,071</u>	<u>558,039</u>
License fees	560,000	560,000
Total liabilities	<u>4,089,071</u>	<u>1,118,039</u>

Equity (deficit):

Common stock: \$0.001 par value; authorized 75,000,000 shares; 23,901,252 and 23,336,673 shares issued and outstanding as of December 31, 2017 and 2016, respectively	23,902	23,337
Additional paid-in capital	16,483,632	12,412,430
Stock payable	324,995	-
Accumulated deficit	(18,868,599)	(10,718,714)
Total CURE Pharmaceutical Holding Corp stockholders' equity	<u>(2,036,070)</u>	<u>1,717,053</u>
Noncontrolling interest in subsidiary	46,884	-
Total equity (deficit)	<u>(1,989,186)</u>	<u>1,717,053</u>
Total liabilities and equity (deficit)	<u>\$ 2,099,885</u>	<u>\$ 2,835,092</u>

The accompanying notes are an integral part of these consolidated financial statements

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CURE Pharmaceutical Holding Corp
Consolidated Statements of Operations

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Revenue		
Net product sales	\$ 148,886	\$ 73,347
Consulting research & development income	9,696	3,356
Shipping and other sales	21,822	7,462
Total revenues	180,404	84,165
Cost of goods sold	180,629	153,330
Gross loss	(225)	(69,165)
Research and development expenses	1,427,341	753,369
Selling, general and administrative expenses	5,914,541	3,103,710
Total costs and expenses	7,341,882	3,857,079
Net loss from operations	(7,342,107)	(3,926,244)
Other income (expense):		
Interest income	6	436
Other income	34,412	38,460

Loss on disposal of PP&E	(12,351)	(3,323)
Change in derivative liability	742,109	-
Other expense	(3,580)	(145,237)
Interest expense	(1,582,184)	(121,572)
Other income (expense)	(821,588)	(231,236)
Net loss before income taxes	(8,163,695)	(4,157,480)
Provision for income taxes	-	-
Net loss before noncontrolling interest	(8,163,695)	-
Noncontrolling interest	(13,810)	-
Net loss attributed to stockholders	<u>\$ (8,149,885)</u>	<u>\$ (4,157,480)</u>
Net loss attributed to stockholders per share, basic and diluted	<u>\$ (0.34)</u>	<u>\$ (0.46)</u>
Weighted average shares outstanding, basic and diluted	<u>23,649,432</u>	<u>9,097,973</u>

The accompanying notes are an integral part of these consolidated financial statements

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CURE Pharmaceutical Holding Corp
Consolidated Statement of Stockholders' Equity (Deficit)

	Common Stock		Additional Paid-in Capital	Stock Payable	Accumulated Deficit	Noncontrolling Interest	Total
	Shares	Par					
Balance, December 31, 2015	6,629,260	\$ 6,629	\$ 2,721,102	\$ -	\$ (6,561,234)	\$ -	\$(3,833,503)
Issuance of common stock for conversion of convertible promissory notes	2,380,740	2,381	2,870,626	-	-	-	2,873,007
Recapitalization of the Company	8,150,210	8,150	(8,150)	-	-	-	-
Issuance of common stock for conversion of convertible promissory notes	6,106,463	6,107	6,100,356	-	-	-	6,106,463
Issuance of common stock for professional services	70,000	70	69,930	-	-	-	70,000
Warrants granted	-	-	658,566	-	-	-	658,566
Net loss	-	-	-	-	(4,157,480)	-	(4,157,480)

Balance, December 31, 2016	23,336,673	\$ 23,337	\$12,412,430	\$ -	\$(10,718,714)	\$ -	\$ 1,717,053
Issuance of common stock for professional services	564,579	565	2,204,435	-	-	-	2,205,000
Warrants granted for commissions earned	-	-	832,000	-	-	-	832,000
Warrants granted for services	-	-	349,057	-	-	-	349,057
Common stock owed but not yet issued	-	-	(828)	324,995	-	-	324,167
Loan discounts	-	-	686,538	-	-	-	686,538
Noncontrolling interest of Oak Therapeutics, Inc.	-	-	-	-	-	46,884	46,884
Net loss	-	-	-	-	(8,149,885)	-	(8,149,885)
Balance, December 31, 2017	<u>23,901,252</u>	<u>\$ 23,902</u>	<u>\$16,483,632</u>	<u>\$ 324,995</u>	<u>\$(18,868,599)</u>	<u>\$ 46,884</u>	<u>\$(1,989,186)</u>

The accompanying notes are an integral part of these consolidated financial statements

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Cash flows from operating activities		
Net loss	\$ (8,149,885)	\$ (4,157,480)
Adjustment to reconcile net loss to net cash used in operating activities:		
Common stock issued for services	-	70,000
Stock based compensation – prepaid expenses	2,311,805	607,906
Depreciation and amortization	164,596	172,608
Amortization of loan discounts	953,179	-
Bad debt expense	-	36,238
Change in derivative liability	(742,109)	-
Loss from joint venture	(2,475)	(4,334)
Noncontrolling interest	(13,810)	-
Write off of intangible assets	-	58,522
Loss on disposal of PP&E	12,351	3,323
Amortization of warrants granted for discount of convertible notes	535,195	-
Warrants granted for commission expense	832,000	-
Change in other assets and liabilities:		
Restricted cash	-	49,980
Accounts receivable	2,685	(5,142)
Inventory	36,289	110,180
Prepaid expenses and other assets	(104,091)	(185,757)
Other assets	38,282	50,996
Accounts payable	279,594	(298,204)
Accrued expenses	102,882	16,635
Deferred revenue	187,844	(41,901)
Net cash used in operating activities	<u>(3,555,668)</u>	<u>(3,516,430)</u>
Cash flows from investing activities		
Cash from acquisition of company	65,702	-
Advance of note receivable	-	(18,290)
Purchase in intangible assets	(49,480)	(45,930)
Payment to investment	(5,000)	(20,421)
Acquisition of property and equipment, net	(100,142)	(122,126)
Net cash used in investing activities	<u>(88,920)</u>	<u>(206,767)</u>
Cash flows from financing activities		
Proceeds from loan	2,855,549	5,855,575
Loan repayments	(199,401)	(1,028,226)
Capital lease payments	(9,453)	(11,362)
Net cash provided by financing activities	<u>2,646,695</u>	<u>4,815,987</u>
Net increase (decrease) in cash and cash equivalents	(997,893)	1,092,790
Cash and cash equivalents, beginning of period	1,106,142	13,352
Cash and cash equivalents, end of period	<u>\$ 108,249</u>	<u>\$ 1,106,142</u>
Supplemental cash flow information		
Cash paid for interest and income taxes:		
Interest	\$ 36,249	\$ 93,001
Income taxes	\$ -	\$ -
Non-cash financing activities:		
Common stock related to prepaid expenses	<u>\$ 258,918</u>	<u>\$ -</u>
Loan discount related to convertible promissory notes	<u>\$ 832,846</u>	<u>\$ -</u>
Liabilities assumed from acquisition	<u>\$ 1,791</u>	<u>\$ -</u>
Convertible promissory notes and accrued interest converted to common stock	<u>\$ -</u>	<u>\$ 8,979,470</u>
Warrants granted as payment for accounts payable	<u>\$ -</u>	<u>\$ 50,660</u>

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS

CURE Pharmaceutical Holding Corp (the “Company”), formally known as Makkanotti Group Corp, was incorporated in the State of Nevada on May 15, 2014. The Company was originally formed to engage in the business of manufacturing food paper bags in Nicosia, Cyprus. On November 7, 2016, the Company changed its name to CURE Pharmaceutical Holding Corp.

On November 7, 2016, the Company, in a reverse take-over transaction, acquired CURE Pharmaceutical Corporation (“CURE Pharmaceutical”), a specialty pharmaceutical and bioscience company based in California that specializes in drug delivery technologies, by executing a Share Exchange Agreement and Conversion Agreement (“Exchange Agreement”) by and among the Company and a holder of a majority of the issued and outstanding capital stock of the registrant prior to the closing (the “Majority Stockholder”), on the one hand, and CURE Pharmaceutical a California corporation, all of the shareholders of CURE Pharmaceutical’s issued and outstanding share capital (the “CURE Pharm Shareholders”) and the holders of certain convertible promissory notes of CURE Pharmaceutical (“CURE Pharm Noteholders”), on the other hand. Hereinafter, this share exchange transaction is described as the “Share Exchange.” As a result of the Share Exchange, CURE Pharmaceutical became a wholly owned subsidiary of the Company, and the CURE Pharm Shareholders and CURE Pharm Noteholders became the controlling shareholders of the Company.

For accounting purposes, CURE Pharmaceutical shall be the surviving entity. The transaction is accounted for using the reverse acquisition method of accounting. As a result of the recapitalization and change in control, CURE Pharmaceutical is the acquiring entity in accordance with ASC 805, Business Combinations.

CURE Pharmaceutical Holding Corp is a specialty pharmaceutical and bioscience company with a focus in drug delivery technologies. CURE leverages novel drug delivery technologies to develop and commercialize new applications of proven therapeutics through Oral Thin Film (“OTF”) via our proprietary patented CUREFilm™ Technology as well as through transdermal applications. Our micro encapsulation of drug actives in our CUREFilm™ Technology allows for a higher volume of an active and if required, multiple actives to be produced on a single oral thin film strip.

The Company is focused on partnering with pharmaceutical and biotech companies seeking to deliver drug actives utilizing and benefitting from our proprietary OTF and transdermal applications and when preferable to take our own products from clinical process to commercialization. We are focused on both the human and veterinary prescription, OTC and nutraceutical markets. CURE represents the complete solution for OTF drug delivery therapeutics from inception to finished product utilizing our CGMP/FDA registered manufacturing facility and processes.

In July 2017, the Company, Therapix Biosciences Ltd. (“Therapix”), a specialty clinical-stage pharmaceutical company dedicated to the development of cannabinoid-based drugs headquartered in Israel, and Assuta Medical Centers, Ltd., a medical services center located in Israel, entered into a nonbinding memorandum of understanding to collaborate to advance, research, develop and commercialize potential therapeutic products in the fields of personalized medicine and cannabinoids. On October 27, 2017, the Company entered into a development agreement with Therapix where the Company will formulate and develop pharmaceutical products using Therapix’s proprietary compounds while utilizing the Company’s proprietary OTF technology.

Consistent with our mission of improving the lives of all people in need, regardless of geography or economic status, we have made our technology available to a private company, Oak Therapeutics (“Oak”), that is developing novel drug formulations for patients in developing nations (“Territory”). On November 10, 2017, we received 269,000 shares of Oak as consideration for an exclusive license to our patents rights in the Territory, along with a royalty-free non-exclusive license to any improvements made by Oak. As a result of this transaction, we own approximately 63% of Oak’s outstanding shares and have consolidated Oak’s financial statements as of the fourth quarter 2017. Oak has completed a Phase I Small Business Innovative Research Contract (“SBIR”) from the National Institutes of Health to develop a formulation for 300mg of Isoniazid in a rapidly dissolving film as an anti-tuberculosis treatment option. Oak is currently in the application process for Phase II of the SBIR program to continue its research and development and focus on manufacturing scale up, clinical trials and commercialization.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation and basis of presentation

The consolidated financial statements include the accounts of CURE Pharmaceutical Holding Corp (“CPHC”), its wholly-owned subsidiary, CURE Pharmaceutical Corporation (“CURE”) and its majority owned subsidiary Oak Therapeutics, Inc. (“OAK”), collectively referred to as (“CURE”, “we”, “us”, “our” or the “Company”) All significant inter-company balances and transactions have been eliminated in consolidation. The Company’s film strip product represents the principal operations of the Company.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. At December 31, 2017 and 2016 included in these estimates are assumptions about collection of accounts receivable, and useful life of

fixed and intangible assets, tax valuation analysis, and warrant fair values.

Cash and Cash Equivalents

The Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents. As of December 31, 2017 and 2016 the Company had no cash equivalents. At December 31, 2017 and 2016, the Company maintains its cash and cash equivalents in banks insured by the Federal Deposit Insurance Corporation (“FDIC”) in accounts that at times may be in excess of the federally insured limit of \$250,000 per bank. The Company minimizes this risk by placing its cash deposits with major financial institutions.

Investment in Associates

An associate is an entity over which the Company has significant influence through a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or have joint control over those policies.

The results of assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Company’s share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate in excess of the Company’s interest in that associate are not recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment.

On January 8, 2016, the Company received 50% ownership in CURE Innovations, Inc (“CI”). CI was created in 2015 by IncuBrands Studio, Inc (“IncuBrands”). The Company and IncuBrands each own 50% of the common stock of CI. The Company and IncuBrands entered into a Joint Venture agreement in 2013 to distribute several OTF products utilizing IncuBrands marketing and contacts in various industries as well as utilize the Company’s technology and capabilities of manufacturing OTF’s.

On December 6, 2016, the Company entered into a Joint Venture Agreement (“Joint Venture”) with Pace Wellness, Inc. (“Pace”) to jointly develop three Active Pharmaceutical Ingredients (“API”) within the nonprescription and/or Over-the-Counter (OTC) medicines specifically utilizing the Company’s patented and proprietary CUREFilm™ Technology. The three API’s to be jointly developed are Diphenhydramine HCL, Omeprazole and a third API to be determined at a later date (“Products”). Pace shall be the exclusive global distributor of the Products under the Solves Strips® branding or other private or branded labels. All benefits, advantages, and liabilities derived from, or incurred in respect of the Joint Venture shall be borne by the parties in proportion of their respective participating interests of 50/50 equal interest. As of December 31, 2017, the Company has contributed \$5,000 to the Joint Venture.

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On June 30, 2015, our subsidiary, Oak Therapeutics, Inc. (“Oak”), issued 25,000 shares of its common stock in exchange for \$10,000 and 181,251 common stock shares of Pace Wellness, Inc. (“Pace”) at a value of \$1.00 per share, which represents 1.8% interest in Pace. Oak has fully written off the investment as of the acquisition date, November 10, 2017.

Acquisitions

On November 10, 2017, we received 269,000 shares of Oak as consideration for an exclusive license to our patents rights in developing nations, along with a royalty-free non-exclusive license to any improvements made by Oak. As a result of this transaction, we own approximately 63% of Oak’s outstanding shares and have consolidated Oak’s financial statements as of the fourth quarter 2017. The following summarizes the consideration paid for Oak and the amounts of the assets and liabilities assumed recognized at the acquisition date, as well as the fair value at the acquisition date of the noncontrolling interest in Oak.

	As of November 10, 2017
Consideration	
License of CURE's intellectual property	\$ 139,000
Fair value of total consideration transferred	\$ 139,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash	\$ 65,702
Intangible asset	139,000
Accrued expenses	(791)
Loans from shareholder	(4,217)
Total identifiable net assets	199,694
Noncontrolling interest in Oak	(60,694)
CURE's interest in Oak	\$ 139,000

Unaudited pro forma results of operations for the year ended December 31, 2017, as if the Company and Oak had been combined as of the beginning of the period, follows. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated, or which may result in the future.

	December 31, 2017
Net revenues	\$ 363,434
Net loss	(8,099,441)
Net loss per share, basic and diluted	<u>\$ (0.34)</u>

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Property and Equipment

The Company capitalizes expenditures related to property and equipment, subject to a minimum rule, that have a useful life greater than one year for: (1) assets purchased; (2) existing assets that are replaced, improved or the useful lives have been extended; or (3) all land, regardless of cost. Acquisitions of new assets, additions, replacements and improvements (other than land) costing less than the minimum rule in addition to maintenance and repair costs, including any planned major maintenance activities, are expensed as incurred. Depreciation has been provided using the straight-line method on the following estimated useful lives:

Manufacturing equipment	5-7 Years
Computer and other equipment	3-7 Years
Leasehold Improvements	Lesser of useful life or the term of the lease

Revenue Recognition

The Company recognizes revenue in accordance with the FASB ASC 605, Revenue Recognition. ASC 605 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred and/or service has been performed; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. The Company believes that these criteria are satisfied upon shipment from our facility. Freight billed to customers is presented as revenues, and the related freight costs are presented as cost of goods sold. Deferred revenue is recognized when earned and all significant

obligations have been satisfied.

Accounts receivable

Accounts receivable are generally unsecured. The Company establishes an allowance for doubtful accounts receivable based on the age of outstanding invoices and management's evaluation of collectability. Accounts are written off after all reasonable collection efforts have been exhausted and management concludes that likelihood of collection is remote. Any future recoveries are applied against the allowance for doubtful accounts.

Inventory

Inventory is stated at the lower of cost or net realizable value. The Company determines the cost of its inventory, which includes amounts related to materials, direct labor, and manufacturing overhead, on a first-in, first-out basis. The Company performs an assessment of the recoverability of capitalized inventory during each reporting period, and writes down any excess and obsolete inventories to their realizable value in the period in which the impairment is first identified.

Advertising Expense

The Company expenses marketing, promotions and advertising costs as incurred. Such costs are included in general and administrative expense in the accompanying statements of operations. The Company recorded advertising costs of \$13,062 and \$12,000 for the years ended December 31, 2017 and 2016, respectively.

Research and Development

Costs incurred in connection with the development of new products and processes are charged to research and development expenses as incurred. The Company recorded research and development expenses of \$1,427,341 and \$753,369 for the year ended December 31, 2017 and 2016, respectively.

Income Taxes

The Company utilizes FASB ASC 740, "Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recorded when it is "more likely-than-not" that a deferred tax asset will not be realized.

The Company generated a deferred tax asset through net operating loss carry-forward. However, a valuation allowance of 100% has been established due to the uncertainty of the Company's realization of the net operating loss carry forward prior to its expiration.

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Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the “measurement date.” The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Convertible Debentures

Beneficial Conversion Feature

If the conversion features of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 “Debt with Conversion and Other Options.” In those circumstances, the convertible debt is recorded net of the discount related to the BCF and the Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

Derivative Liabilities

ASC 815-40 (formerly SFAS No. 133 “Accounting for derivative instruments and hedging activities”), requires that embedded derivative instruments be bifurcated and assessed, along with free-standing derivative instruments such as warrants, on their issuance date and in accordance with ASC 815-40-15 (formerly EITF 00-19 “Accounting for derivative financial instruments indexed to, and potentially settled in, a company’s own stock”) to determine whether they should be considered a derivative liability and measured at their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option pricing formula and present value pricing. At December 31, 2017 and 2016, the Company adjusted its derivative liability to its fair value, and reflected the change in fair value, in its consolidated statement of operations and comprehensive loss.

Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing the net loss for the period by the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares, which consist of stock options and warrants, have been excluded from the diluted loss per share calculation because their effect is anti-dilutive.

	December 31, 2017
Number of common stock shares issued and outstanding	23,901,252
Number of common stock shares from conversion of convertible notes	307,904
Number of common stock shares from exercise of warrants	360,000
Total fully-diluted common stock shares	<u>24,569,156</u>

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Going Concern

The Company's financial statements are prepared using U.S. GAAP applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company had an accumulated deficit at December 31, 2017 of \$18,868,599. The Company had a working deficit of \$2,784,574 as of December 31, 2017. These factors raise substantial doubt about the Company's ability to continue as a going concern for one year from the issuance of the financial statements. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it establishes a revenue stream and becomes profitable. The Company is continually analyzing its current costs and is attempting to make additional cost reductions where possible. We expect that we will continue to generate losses from operations throughout 2018.

Historically, the Company has had operating losses and negative cash flows from operations which cast significant doubt upon the Company's ability to continue as a going concern. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions and changes in the regulatory environment. To address its financing requirements, the Company intends to seek financing through debt and equity issuances to existing stockholders.

Specifically, management has identified that a minimum of \$4,000,000 of capital is needed over the next 12 months in order to sustain operations. These capital needs take into account, among other things, management's plans to advance intellectual property, maintenance of patents, upgrades for manufacturing and to hire personnel for business development. Management has outlined a plan to raise between \$8,000,000 to \$10,000,000 in capital over the next 12 months through the issuance of shares of the Company's common stock to accredited investors. Management believes that the capital raised through these methods will be sufficient to sustain operations for the next 12 months. However, the outcome of these matters cannot be predicted with certainty at this time.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. These factors raise substantial doubt about the Company's ability to continue as a going concern for one year from the issuance of the financial statements. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary if the Company is unable to continue as a going concern.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — quoted prices in active markets for identical assets or liabilities
- Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable
- Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The Company has assets or liabilities valued at fair value on a recurring basis for the years ended December 31, 2017 and 2016.

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Long-lived Assets

Long-lived assets include equipment and intangible assets other than those with indefinite lives. We assess the carrying value

of our long-lived asset groups when indicators of impairment exist and recognize an impairment loss when the carrying amount of a long-lived asset is not recoverable when compared to undiscounted cash flows expected to result from the use and eventual disposition of the asset.

Indicators of impairment include significant underperformance relative to historical or projected future operating results, significant changes in our use of the assets or in our business strategy, loss of or changes in customer relationships and significant negative industry or economic trends. When indications of impairment arise for a particular asset or group of assets, we assess the future recoverability of the carrying value of the asset (or asset group) based on an undiscounted cash flow analysis. If carrying value exceeds projected, net, undiscounted cash flows, an additional analysis is performed to determine the fair value of the asset (or asset group), typically a discounted cash flow analysis, and an impairment charge is recorded for the excess of carrying value over fair value. As of December 31, 2017 and 2016, our qualitative analysis of long-lived assets did not indicate any impairment.

Concentrations of Credit Risk

In the normal course of business, the Company provided credit terms to its customers; however, collateral was not required. Accordingly, the Company performed credit evaluations of its customers and maintained allowances for possible losses which, when realized, were within the range of management's expectations. From time to time, a higher concentration of credit risk existed on outstanding accounts receivable for a select number of customers due to individual buying patterns.

Cost of Sales

Cost of sales includes the purchase cost of products sold and all costs associated with getting the products to our customers, including transportation costs.

Shipping Costs

Shipping and handling costs billed to customers are recorded in sales. Shipping costs incurred by the company are recorded in selling, general and administrative expenses.

Related parties

Parties are considered to be related to the Company if the parties that, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. All transactions with related parties shall be recorded at fair value of the goods or services exchanged.

Recently Issued Standards

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The purpose is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU is effective for the Company in the first quarter of 2018. Early adoption is not permitted except for limited provisions. The Company does not expect the adoption of this amendment to have a material effect on its financial condition and results of operations.

In January 2016, the FASB issued an accounting standard update which requires, among other things, that entities measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value, with changes in fair value recognized in earnings. Under the standard, entities will no longer be able to recognize unrealized holding gains and losses on equity securities classified today as available for sale as a component of other comprehensive income. For equity investments without readily determinable fair values the cost method of accounting is also eliminated, however subject to certain exceptions, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment and plus or minus adjustments for observable price changes, with all such changes recognized in earnings. This new standard does not change the guidance for classifying and measuring investments in debt securities and loans. The standard is effective for us on July 1, 2018 (the first quarter of our 2019 fiscal year). The Company is currently evaluating the anticipated impact of this standard on our consolidated financial statements.

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In February 2016, the FASB issued ASU 2016-02—Leases (Topic 842), requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and requires application of the new guidance at the beginning of the earliest comparative period presented. The Company is evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* that clarifies how to apply revenue recognition guidance related to whether an entity is a principal or an agent. ASU 2016-08 clarifies that the analysis must focus on whether the entity has control of the goods or services before they are transferred to the customer and provides additional guidance about how to apply the control principle when services are provided and when goods or services are combined with other goods or services. The effective date for ASU 2016-08 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company does not anticipate a significant impact upon adoption.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The new standard requires recognition of the income tax effects of vested or settled awards in the income statement and involves several other aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This new standard became effective for the Company on January 1, 2017. The adoption of this standard did not have a material impact on its financial position, results of operations or statements of cash flows upon adoption.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which provides further guidance on identifying performance obligations and improves the operability and understandability of licensing implementation guidance. The effective date for ASU 2016-10 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company does not anticipate a significant impact upon adoption.

In May 2016, the FASB issued ASU No. 2016-12, “*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*”, to clarify certain core recognition principles including collectability, sales tax presentation, noncash consideration, contract modifications and completed contracts at transition and disclosures no longer required if the full retrospective transition method is adopted. The effective date and transition requirements for these amendments are annual reporting periods beginning after December 15, 2017, including interim reporting periods therein, and that would also permit public entities to elect to adopt the amendments as of the original effective date as applicable to reporting periods beginning after December 15, 2016. The new guidance allows for the amendment to be applied either retrospectively to each prior reporting period presented or retrospectively as a cumulative-effect adjustment as of the date of adoption. The Company does not anticipate a significant impact upon adoption.

In August, 2016, the FASB issued Accounting Standards Update No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (a consensus of the Emerging Issues Task Force) (“ASU 2016-15”). The amendments in ASU 2016-15 address eight specific cash flow issues and apply to all entities that are required to present a statement of cash flows under ASC Topic 230, *Statement of Cash Flows*. The amendments in ASU 2016-15 are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption during an interim period. The Company does not anticipate a significant impact upon adoption.

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In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. This new standard clarifies the definition of a business and provides a screen to determine when an integrated set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This new standard will be effective for the Company on January 1, 2018; however, early adoption is permitted with prospective application to any business development transaction.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation-Stock Compensation: Scope of Modification Accounting*, which provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This ASU does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions or award classification and would not be required if the changes are considered non-substantive. The amendments of this ASU are effective for the Company in the first quarter of 2018, with early adoption permitted. The adoption of ASU 2017-09 is not expected to have an impact on the Company's consolidated financial statements.

There are various other updates recently issued, however, they are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, net of allowances for sales returns and doubtful accounts, consisted of the following:

	December 31, 2017	December 31, 2016
Trade accounts receivable	\$ 4,364	\$ 7,049
Less allowances	-	-
Total accounts receivable, net	\$ 4,364	\$ 7,049

NOTE 4 – PREPAID EXPENSES AND OTHER ASSETS

As of December 31, 2017 and December 31, 2016, prepaid expenses and other assets consisted of the following:

	December 31, 2017	December 31, 2016
Prepaid consulting services – stock-based compensation	\$ 258,918	\$ 150,168
Prepaid consulting services	116,167	-
Prepaid clinical study	110,538	-
Prepaid insurance	60,180	42,785
Other Receivables	5,858	10,948
Prepaid inventory	12,182	13,178
Prepaid expenses	23,045	6,800
Prepaid expenses and other assets	\$ 586,888	\$ 223,879

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NOTE 5 - INVENTORY

Inventory consists of raw materials, packaging components, work-in-process and finished goods. The Company's inventory is stated at the lower of cost (FIFO cost basis) or net realizable value.

The carrying value of inventory consisted of the following:

	December 31, 2017	December 31, 2016
Raw Materials	\$ 67,664	\$ 68,047
Packaging Components	17,546	84,927
Work-In-Process	829	17,406
Finished Goods	-	-
	86,039	170,380
Reserve for Obsolescence	(41,043)	(89,095)
Total inventory	\$ 44,996	\$ 81,285

NOTE 6 – PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2017 and 2016, property and equipment and intangible assets consisted of the following:

	December 31, 2017	December 31, 2016
Manufacturing equipment	\$ 797,513	\$ 769,074
Computer and other equipment	169,499	116,747
Leasehold improvements	42,666	36,066
Less accumulated depreciation	(672,317)	(551,239)
Property and Equipment, net	\$ 337,361	\$ 370,648

Depreciation expense for the years ended December 31, 2017 and 2016 was \$121,078 and \$129,985 respectively, which includes depreciation of \$8,640 for capitalized leased assets for the years ended December 31, 2017 and 2016. Accumulated depreciation for property held under capital leases were \$37,177 and \$28,537 as December 31, 2017 and 2016, respectively.

	December 31, 2017	December 31, 2016
Intellectual Property	\$ 814,582	\$ 814,582
Patents	224,527	175,047
Less accumulated amortization	(138,637)	(95,119)
Intangible assets, net	\$ 900,472	\$ 894,510

The Company incurred \$49,480 and \$45,930 of legal patent costs that were capitalized during the years ended December 31, 2017 and 2016, respectively. The Company wrote off \$58,522 of intangibles during the year ended December 31, 2016. Amortization expense for the years ended December 31, 2017 and 2016 was \$43,518 and \$42,663, respectively.

The estimated aggregate amortization expense over each of the next five years is as follows:

2018	\$ 43,518
2019	43,518
2020	43,518
2021	43,518
2022	43,518
Thereafter	513,785
Total Amortization	\$ 731,375

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NOTE 7 – NOTE RECEIVABLE

Note receivable consists of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
The note receivable is a promissory note with a company bearing an interest rate of 8% per annum, principal and accrued and unpaid interest is payable on demand of the Company any time before November 11, 2016 or by November 11, 2016 if no demand is made prior to such date. This note has been written off in 2016.	\$ -	\$ 17,948
The note receivable is a promissory note with a company bearing an interest rate of 8% per annum, principal and accrued and unpaid interest is payable on demand of the Company any time before March 29, 2017 or by March 29, 2017 if no demand is made prior to such date. This note has been written off in 2016.	-	18,290
	-	36,238
Less allowances	-	(36,238)
Current portion of note receivable	-	-
Note receivable, less current portion	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 – LOAN PAYABLE

Loan payable consists of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Notes to a company due August 29, 2018 and September 21, 2018, including interest at 7.55% and 7.05%, respectively per annum; unsecured; interest due monthly	\$ 50,425	\$ -
Note to a company due September 29, 2017 including interest at 13.25% per annum; unsecured; interest due monthly	-	33,277
	<u>\$ 50,425</u>	<u>\$ 33,277</u>

Interest expense for the year ended December 31, 2017 and 2016 was \$2,011 and \$930, respectively.

NOTE 9 – NOTES PAYABLE

Notes payable consist of the following at December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Note to a company amended on August 27, 2017 and due on or before one month from the amended date and the maturity date shall be extended for one month periods as long as the Company is not in default, interest shall accrue at 10% per annum, secured by the Company's intellectual property	\$ 650,000	\$ -
Note to a company of \$100,000 due January 31, 2018 including interest of \$3,000 per month, unsecured, principal and interest due at maturity, principal and interest repaid on January 23, 2018	100,000	-
Note to an individual, non-interest bearing, unsecured and has no fixed terms of repayment	<u>50,000</u>	<u>50,000</u>
	<u>\$ 800,000</u>	<u>\$ 50,000</u>

During the year ended December 31, 2017 and 2016, the Company incurred \$10,000 and \$0, respectively, amortization of discount. Interest expense for the year ended December 31, 2017 and 2016 was \$30,226 and \$0, respectively.

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NOTE 10 – CONVERTIBLE PROMISSORY NOTES

Convertible promissory notes consist of the following at December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Convertible promissory notes totaling \$1,900,000 due between November 11, 2017 and May 8, 2018, interest payable at 8% per annum; unsecured; principal and accrued interest convertible into common stock at the lower of \$7.00 per share or the price per share of the latest closing of a debt or equity offering by the Company greater than \$3,000,000; accrued interest due between November 11, 2017 and May 8, 2018; convertible promissory notes totaling \$1,300,000 were amended to extend the maturity date to March 31, 2018	\$ 1,900,000	\$ -
	1,900,000	-
Unamortized discount	(348,512)	-
Convertible promissory notes	<u>\$ 1,551,488</u>	<u>\$ -</u>

During the year ended December 31, 2017 and 2016, the Company incurred \$1,170,873 and \$0, respectively, amortization of discount. Interest expense for the year ended December 31, 2017 and 2016 was \$84,161 and \$0, respectively.

NOTE 11 – DERIVATIVE LIABILITY

The following table summarizes fair value measurements by level at December 31, 2017 for assets and liabilities measured at fair value on a recurring basis:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Derivative liability	\$ —	\$ —	\$ (90,738)	\$ (90,738)

No financial assets or liabilities were measured on a recurring basis as of December 31, 2016.

The Company has issued convertible promissory notes during 2017. The convertible notes require us to record the value of the conversion feature as a liability, at fair value, pursuant to ASC 815, including provisions in the notes that protect the holders from declines in the Company's stock price, which is considered outside the control of the Company. The derivative liabilities are marked-to-market each reporting period and changes in fair value are recorded as a non-operating gain or loss in our statement of operations, until they are completely settled. The fair value of the conversion feature is determined each reporting period using the Black-Scholes option pricing model, and is affected by changes in inputs to that model including our stock price, expected stock price volatility, interest rates and expected term. The assumptions used in valuing the derivative liability during 2017 were as follows:

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Significant assumptions (weighted-average):
Risk-free interest rate at grant date

**December
31,
2017**

2.20%

Expected stock price volatility	75.43%
Expected dividend payout	-
Expected option life (in years)	1
Expected forfeiture rate	0%

The following is a reconciliation of the derivative liability for 2017:

	December 31, 2017
Value at December 31, 2016	\$ -
Initial value at the debt issuance	832,846
Decrease in value	(742,108)
Value at December 31, 2017	<u>\$ 90,738</u>

NOTE 12 – WARRANT AGREEMENTS

On January 3, 2017, the Company issued 1,300,000 warrants in connection with commissions earned in relation to the Company's Private Label Exclusive Distribution and License agreement with Red Bam Pet Products, LLC.

From May 11, 2017 to December 31, 2017, the Company issued 360,000 warrants in connection with the issuance of \$1,800,000 convertible promissory notes. The warrants have an exercise price of the lower of \$7.00 per share or the price per share in the Company's latest debt or equity financing greater than \$3,000,000 and a term of 3 years.

Warrants that vest at the end of a one-year period are amortized over the vesting period using the straight-line method.

The Company's warrant activity was as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Contractual Remaining Life
Outstanding, December 31, 2016	4,392,107	1.97	6.17
Granted	1,660,000	3.08	2.62
Exercised	(1,300,000)	(3.94)	-
Forfeited/Expired	-	-	-
Outstanding, December 31, 2017	<u>4,752,107</u>	<u>2.90</u>	<u>4.98</u>
Exercisable at December 31, 2017	<u>3,101,026</u>	<u>3.40</u>	<u>3.93</u>

Range of Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Exercise Price
\$1.00 - \$7.00	4,752,107	4.98	\$ 2.90	3,101,026	\$ 3.40
	4,752,107	4.98	\$ 2.90	3,101,026	\$ 3.40

The weighted-average fair value of warrants granted to during the year ended December 31, 2017 and year ended December 31, 2016, and the weighted-average significant assumptions used to determine those fair values, using a Black-Scholes-Merton (“Black-Scholes”) option pricing model are as follows:

	December 31, 2017	December 31, 2016
Significant assumptions (weighted-average):		
Risk-free interest rate at grant date	1.92%	1.83%
Expected stock price volatility	84.43%	84.42%
Expected dividend payout	-	-
Expected option life (in years)	3	3
Expected forfeiture rate	0%	0%

NOTE 13 – STOCKHOLDERS’ EQUITY

Authorized Stock

The Company has authorized to issue is 75,000,000 common shares with a par value of \$0.001 per share.

As of December 31, 2017 and December 31, 2016, there were 23,901,252 and 23,336,673 shares of the Company’s common stock issued and outstanding, respectively.

Common Share Issuances

On April 7, 2017, the Company issued 14,579 common stock shares at \$6.86 per share for consulting services to be performed over a one year period. The total value of this issuance was \$100,000 and as of December 31, 2017, \$26,575 is included in prepaid expenses and other assets.

On April 24, 2017, the Company issued 100,000 common stock shares at \$7.00 per share for consulting services to be performed over a six month period. The total value of this issuance was \$700,000.

On May 18, 2017, the Company issued 300,000 common stock shares at \$2.10 per share for consulting services to be performed over a one year period. The total value of this issuance was \$630,000 and as of December 31, 2017, \$39,699 is included in prepaid expenses and other assets.

On August 21, 2017, the Company issued 100,000 common stock shares at \$5.30 per share for consulting services to be performed over a four month period. The total value of this issuance was \$530,000.

On October 15, 2017, the Company issued 50,000 common stock shares at \$4.90 per share for consulting services to be performed over a one year period. The total value of this issuance was \$245,000 and as of December 31, 2017, \$192,644 is included in prepaid expenses and other assets.

Stock Payable

On December 14, 2017, the Company issued a \$100,000 convertible promissory note to a company due June 14, 2018. In connection with issuance of this convertible promissory note, the Company is to issue 150,000 common stock shares at \$2.05 per share per the terms of the convertible promissory note. As of December 31, 2017, the Company has not yet issued these common stock shares and thus the Company recorded a stock payable for \$307,500.

On October 15, 2017, the Company entered into a Consulting Agreement (“Agreement”) with an individual (“Consultant”) to provide business development advisory services. In consideration for the Consultant’s services provided, the Company shall grant 100,000 common stock shares, where 50,000 common stock shares shall be issued on October 15, 2017 and the remaining 50,000 common stock shares shall be granted to the Consultant within 90 days of execution of the Agreement. The Company issued 50,000 common stock shares at \$4.90 per share for consulting services to be performed over a one year period on October 15, 2017. As the Company did not issue the remaining 50,000 common stock shares before the year ended December 31, 2017, the Company recorded a stock payable of \$16,667, which is included in consulting expenses.

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NOTE 14 - COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. The only significant matter of which the Company is aware of is discussed below.

On May 22, 2017, Sandy Sierra Garate (“Applicant”), an employee of the Company, filed an application for benefits due to serious and willful misconduct of the employer pursuant to labor code section 4553 with the State of California Workers’ Compensation Appeals Board (WCAB Case No: ADJ 10686812) resulting in injury arising out of and in the course of the Applicant’s employment on August 5, 2016. The Applicant is requesting relief in this matter for a one half increase in all compensation recoverable in connection with the injury of August 5, 2016, for the allowance of costs and expenses in an amount to be determined and for such further relief as is deemed appropriate. The Company is currently unable to determine what the additional expenses will be incurred in order to defend this matter. As such, the Company cannot determine whether there is a reasonable possibility that a loss will be incurred nor can it estimate the range of any such potential loss. Accordingly, the Company has not accrued an amount for any potential loss associated with this action.

Operating leases

The Company maintains its corporate offices and manufacturing facility at 1620 Beacon Place, Oxnard, CA 93033, which contains approximately 25,000 square feet. The Company is currently on a month-to-month lease, with a lease payment of \$19,997 per month.

The Company also leases additional office and warehouse space at 1610 and 1612 Fiske Place, Oxnard, CA 93033, which contains approximately 6,547 square feet. The Company is currently on a month-to-month lease, with a lease payment of \$4,763 per month.

The Company also leases additional research and development space at 2029 Becker Drive, Lawrence, KS 66047, which contains approximately 1,350 square feet. The Company is currently on a month-to-month lease, with a lease payment of \$1,000 per month.

Total rent expense for the years ended December 31, 2017 and 2016 was \$294,646 and \$286,539, respectively.

NOTE 15 - RELATED PARTY TRANSACTIONS

On various dates from October 31, 2014 to February 2, 2015, CURE Pharmaceutical issued convertible promissory notes to Ronick, Inc., (“Ronick”) totaling \$89,000 that were due on February 25, 2016, but Ronick has agreed to extend the due date to August 31, 2016. Robert Davidson, our Chief Executive Officer and director, is a shareholder of Ronick. Interest is payable at 3% per annum and is secured by technology and patent rights. Principal and accrued interest is convertible into common stock at \$4.00 per share. This conversion is subject to an adjustment if CURE Pharmaceutical sells stock or grants conversion rates at a lower price; however, Ronick has subsequently agreed to waive these conversion rights and will convert at \$4.00 per share. As of October 6, 2016, Ronick has converted \$35,260 of principal and unpaid accrued interest into 8,815 of common stock shares of CURE Pharmaceutical. As of October 6, 2016, Ronick converted \$35,290 of principal and unpaid accrued interest into 8,822 of common stock shares of CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$100,150 of accrued payroll for Robert Davidson into a convertible promissory note. As of October 6, 2016, Robert Davidson has converted \$38,415 of principal and unpaid accrued interest into 9,604 of

common stock shares of CURE Pharmaceutical. On October 17, 2016, Robert Davidson transferred his convertible promissory note to Ronick. On that same date, Ronick converted \$38,449 of principal and unpaid accrued interest into 9,612 of common stock shares of CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$94,312 of accrued payroll for Wayne Nasby, our Chief Operating Officer, into a convertible promissory note. As of October 6, 2016, Wayne Nasby has converted \$48,241 of principal and unpaid accrued interest into 12,060 of common stock shares of the CURE Pharmaceutical. As of October 17, 2016, Wayne Nasby converted \$48,284 of principal and unpaid accrued interest into 12,071 of common stock shares of CURE Pharmaceutical.

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On December 31, 2015, CURE Pharmaceutical converted \$77,250 of accrued payroll for Edward Maliski, our President and Chief Science Officer, into a convertible promissory note. As of October 6, 2016, Edward Maliski has converted \$39,514 of principal and unpaid accrued interest into 9,878 of common stock shares of CURE Pharmaceutical. As of October 17, 2016, Edward Maliski converted \$39,549 of principal and unpaid accrued interest into 9,887 of common stock shares of CURE Pharmaceutical.

On December 31, 2015, CURE Pharmaceutical converted \$51,500 of accrued payroll for Jonathan Turman into a convertible promissory note. As of October 6, 2016, Jonathan Turman has converted \$26,343 of principal and unpaid accrued interest into 6,586 of common stock shares of CURE Pharmaceutical. As of October 17, 2016, Jonathan Turman converted \$26,366 of principal and unpaid accrued interest into 6,591 of common stock shares of CURE Pharmaceutical.

At December 31, 2017, two of our executive officers, Robert Davidson and Mark Udell, had \$7,931 and \$13,716, respectively, due to them and are included in accounts payable. At December 31, 2016, one of our executive officers, Robert Davidson, had \$10,992 due to him and is included in accounts payable.

NOTE 16 – INCOME TAXES

The Company utilizes FASB ASC740, “Income Taxes,” which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recorded when it is “more likely-than-not” that a deferred tax asset will not be realized.

The tax reform bill that Congress voted to approve December 20, 2017, also known as the “Tax Cuts and Jobs Act”, made sweeping modifications to the Internal Revenue Code, including a much lower corporate tax rate, changes to credits and deductions, and a move to a territorial system for corporations that have overseas earnings.

The act replaced the prior-law graduated corporate tax rate, which taxed income over \$10 million at 35%, with a flat rate of 21%.

The Company generated a deferred tax asset through net operating loss carry-forwards. Management of the Company’s analysis indicates the net operating losses would be subject to significant limitations pursuant to Internal Revenue Code Section 382. The Company has not completed its IRC Section 382 Valuation, as required and the NOL’s because of potential Change of Ownerships might limit the usage or render the NOL’s completely worthless. Therefore, Management of the Company based upon Management’s evaluation has recorded a Full Valuation Reserve (100%), since it is more likely than not that no benefit will be realized for the Deferred Tax Assets.

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse. The Company does not have any uncertain tax positions.

The total deferred tax asset is calculated by multiplying a domestic (US) 21 percent marginal tax rate by the cumulative Net Operating Loss Carryforwards (“NOL”). The Company currently has net operating loss carryforwards of approximately \$17,385,131, which expire through 2037. The deferred tax asset related to the NOL carryforwards Management has determined based on all the available information that a 100% Valuation reserve is required.

The provision for incomes taxes for the years ending December 31 is as follows:

	<u>2017</u>	<u>2016</u>
Current expense		
Federal	\$ -	\$ -
State	-	-
Deferred expense		
Federal	\$ -	\$ -
State	-	-
Total income tax expense	<u>\$ -</u>	<u>\$ -</u>

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Deferred income tax (liabilities) assets at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Deferred income tax assets		
Net operating loss carryforward	\$ 5,585,508	\$ 4,622,321
Deferred revenue	107,860	74,378
Allowance for doubtful accounts	1,306	15,524
Accrued expenses	11,346	8,699
Total deferred tax assets	<u>5,706,020</u>	<u>4,720,922</u>

Deferred income tax liabilities

State income taxes	(353,750)	(329,222)
Depreciation and amortization	(16,065)	(23,120)
Valuation allowance	(5,336,205)	(4,368,580)
Total deferred tax liabilities	(5,706,020)	(4,720,922)
Deferred income tax, net	\$ -	\$ -

NOTE 17 – SUBSEQUENT EVENTS

In connection with a Consulting Agreement with an individual, the Company issued the remaining 50,000 common stock shares at \$1.48 per share on January 24, 2018 for consulting services to be performed over a one year period.

On January 30, 2018, the Company received in total \$1,000,000 by issuing a convertible promissory note (“Convertible Note”) to an individual (“Holder”) that is due November 30, 2018 (“Maturity Date”). The Convertible Note shall accrue interest at 9% per annum, to be paid quarterly in cash on the last trading day of each fiscal quarter starting with June 30, 2018 and is unsecured. At any time after June 30, 2018 until the Maturity Date, the outstanding principal amount of this Note (the “Principal Amount”), plus all accrued but unpaid interest shall be convertible at the option of the Holder, in whole or in part, into shares of Common Stock, at any time and from time to time (the “Optional Conversion”), at a price per share equal to the average closing price of the Company’s Common Stock on the OTC Markets for the five consecutive trading days prior to the delivery of the Notice of Conversion, (the “Optional Conversion Price”). If on or prior to the Maturity Date, the Company consummates its next bona fide sale of its preferred stock or Common Stock in excess of \$4,000,000 in gross proceeds, in one transaction or a series of related transactions, which offering definitively sets a price per share of Common Stock or preferred stock and enables the Company to list its Common Stock on a national securities exchange (“Qualified Offering”), the entire Principal Amount of this Note shall be automatically converted into shares of Common Stock (the “Mandatory Conversion” and together with the Optional Conversion, the “Conversion”) at a price per share equal to 75% of the price of the Qualified Offering (the “Mandatory Conversion Price” together with Optional Conversion Price, the “Conversion Price”).

On February 20, 2018, (the “Effective Date”) the Company entered into a Consulting Agreement (“Agreement”) with an individual (“Consultant”) to perform strategic marketing and development services. The term of the Agreement is for one year from the Effective Date and the Company shall compensate the Consultant’s services by issuing 250,000 restricted common stock shares of the Company. As of the date of the Company’s filing of its Form 10-K for the fiscal year ended December 31, 2017, the Company has not yet issued these restricted common stock shares.

On February 23, 2018, (the “Effective Date”) the Company entered into a Consulting Agreement (“Agreement”) with Liviakis Financial Communications, Inc. (“Consultant”) to perform services in investors’ communication and public relations with existing and prospective shareholders, brokers, dealers and other investment professionals with respect to the Company’s current and proposed activities. The term of the Agreement is for 30 months from the Effective Date and the Company shall compensate the Consultant’s services by issuing 1,000,000 restricted common stock shares of the Company. As of the date of the Company’s filing of its Form 10-K for the fiscal year ended December 31, 2017, the Company has not yet issued these restricted common stock shares.

The Company has previously adopted and maintains the CURE Pharmaceutical Holding Corp. 2017 Equity Incentive Plan (the “Plan”), pursuant to which an aggregate of 5,000,000 shares of the common stock of the Company remain available for grant as of the Company’s filing of its Form 10-K for the fiscal year ended December 31, 2017. The Board of Directors have determined that it is in the best interests of the Company and its stockholders to provide an additional incentive for certain employees, including executive officers, and non-employee members of the Board of Directors of the Company by granting to them awards with respect to the common stock of the Company pursuant to the Plan. No awards have been granted as of the date of the Company’s filing of its Form 10-K for the fiscal year ended December 31, 2017.

On March 20, 2018, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with investors (the “Investors”) for the sale of up to \$5,000,000 of convertible promissory notes (“Convertible Notes”) that are due November 30, 2018 (“Maturity Date”). The Convertible Notes shall accrue interest at 9% per annum, to be paid quarterly in cash on the last trading day of each fiscal quarter beginning on June 30, 2018 and are unsecured. At any time after June 30, 2018 until the Maturity Date, the outstanding principal amounts of these Notes (the “Principal Amounts”), plus all accrued but unpaid interest shall be convertible at the option of the Holders, in whole or in part, into shares of the Company’s Common Stock, at any time and from time to time, at a price per share equal to the average closing price of the Company’s Common Stock on the OTC Markets for the five consecutive trading days prior to the delivery of the notice of conversion, . If on or prior to the Maturity Date, the Company consummates its next bona fide sale of its preferred stock or Common Stock in excess of \$4,000,000 in gross proceeds, in one transaction or a series of related transactions, which offering definitively sets a price per share of Common Stock or preferred stock and enables the Company to list its Common Stock on a national securities exchange (“Qualified Offering”), the entire Principal Amounts of these Notes shall be automatically converted into shares of Common Stock at a price per share equal to 75% of the price of the Qualified Offering. The Investors in this offering also received warrants (the “Warrants”) for the option to purchase equal to 50% of the shares of Common Stock that the Investor is entitled to receive in connection with the conversion of the Investor’s Note. The Warrants’ price per share shall equal the lower of (a) \$2.00 or (b) 125% of the price per share of the Qualified Offering. The Warrants will have a three year term and shall be exercisable in cash.

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SIGNATURES

In accordance with the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CURE PHARMACEUTICAL HOLDING CORP.

Date: March 23, 2018

By: /s/ Robert Davidson
Robert Davidson
Chief Executive Officer

By: /s/ Mark Udell
Mark Udell
Chief Financial Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on March 23, 2018, on behalf of the registrant and in the capacities indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ Robert Davidson</u> Robert Davidson	Chief Executive Officer, Chairman of the Board and Director
<u>/s/ Mark Udell</u> Mark Udell	Chief Financial Officer, Treasurer and Secretary Principal Financial Officer and Principal Accounting Officer
<u>/s/ William Yuan</u> William Yuan	Director
<u>/s/ Charles Berman</u> Charles Berman	Director
<u>/s/ Alan Einstein</u> Alan Einstein	Director

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this “Agreement”) is dated as of February __, 2018, among CURE Pharmaceutical Holding Corp., a Nevada corporation (the “Company”), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a “Purchaser” and collectively, the “Purchasers”).

WHEREAS, the Company is offering Notes and Warrants (each as defined below) to acquire up to that number of shares of Common Stock as is determined in accordance with the terms of the Notes and the Warrants (the “Offering”);

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, Securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

**ARTICLE I
DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Notes (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

“Board of Directors” means the board of directors of the Company.

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers’ obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities, in each case, have been satisfied or waived.

“Common Stock” means the Company’s common stock, par value \$0.001 per share.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred share, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Price” shall have the meaning ascribed to such term in the Notes.

“Conversion Shares” shall have the meaning ascribed to such term in the Notes.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

“Liens” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Notes” means the Senior Secured Convertible Notes issued by the Company to the Purchasers hereunder, in the form of Exhibit A attached hereto.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Principal Amount” means, as to each Purchaser, the principal amount of the Note, set forth below such Purchaser’s signature block on the signature pages hereto next to the heading “Principal Amount,” in United States Dollars.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Rule 144” means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

“Rule 424” means Rule 424 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

“Qualified Offering” “ shall mean the Company’s next bona fide sale of its preferred stock or Common Stock in excess of \$4,000,000 in gross proceeds, in one transaction or a series of related transactions, which offering definitively sets a price per share of Common Stock or preferred stock and enables the Company to list its Common Stock on a national securities exchange.

“SEC” means the United States Securities and Exchange Commission.

“Securities” means the Notes, the Warrants, the Underlying Shares and the Warrant Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Short Sales” means all “short sales” as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

“Subscription Amount” means, as to each Purchaser, the aggregate amount to be paid for Notes and Warrants, which shall equal the Principal Amount, set forth below such Purchaser’s signature block on the signature pages hereto next to the heading “Subscription Amount,” in United States dollars and in immediately available funds.

“Subsidiary” means a subsidiary of the Company, as set forth in Section 3.1.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the New York Stock Exchange, the OTCQB or the Pink OTC Markets (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement, the Notes, the Warrants and all exhibits thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means any transfer agent the Company in the future retains with respect to its shares of Common Stock.

“Underlying Shares” means the shares of Common Stock issuable upon conversion of the Notes.

“Warrants” means the Warrants to Purchase shares of Common Stock delivered to the Purchasers hereunder, in the form of Exhibit B attached hereto.

“Warrant Shares” means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, the Notes. Each Purchaser shall deliver to the Company, via wire transfer or a certified check, immediately available funds equal to such Purchaser’s Subscription Amount as set forth on the signature page hereto executed by such Purchaser, and the Company shall deliver to each Purchaser its respective Note and Warrant, as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction or waiver of the covenants and conditions set forth in Sections 2.2 and Section 2.3, the Closing shall occur at such location as the parties shall mutually agree.

2.2 Deliveries.

(a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) a Note with a principal amount equal to such Purchaser’s Principal Amount, registered in the name of such Purchaser; and

(iii) a Warrant registered in the name of such Purchaser with an exercise price per share equal to the lower of (a) \$2.00 or (b) 125% of the price of the Qualified Offering, and to purchase up to a number of shares of Common Stock equal to 50% of the number of shares of Common Stock issuable upon conversion of such Purchaser’s Note.

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by the Purchaser; and

(ii) such Purchaser's Subscription Amount by wire transfer to the account specified in writing by the Company.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement; and

(iv) there shall have been no Material Adverse Effect, as defined in Section 3.1(b), with respect to the Company since the date hereof.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to each Purchaser as of the Closing Date:

(a) Subsidiaries. The Company owns, directly or indirectly, all of the equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding equity securities of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, operating agreements, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, operating agreement, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of

the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.6 of this Agreement and (ii) the filing of Form D with the SEC and such filings as are required to be made under applicable state securities laws.

(f) Issuance of the Securities. The Underlying Shares and Warrant Shares, when issued in accordance with the terms of the Notes and the Warrants, respectively, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents or federal or state securities laws.

(g) Capitalization. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholder agreements, voting agreements or other similar agreements with respect to the Common Stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders

(h) Financial Statements. The Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The Company has delivered to the Purchaser true and complete copies of the SEC Documents, except for such exhibits and incorporated documents. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been

prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. The Company is subject to the reporting requirements of the Exchange Act. For the avoidance of doubt, filing of the documents required in this Section via the SEC's Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") shall satisfy all delivery requirements of this Section 3.1(h).

(i) **Litigation.** There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Except as set forth in the SEC Documents, neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. Except as set forth in the SEC Documents, there has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the SEC involving the Company or any current or former director or officer of the Company.

(j) **Compliance.** Neither the Company nor any Subsidiary: (i) has received notice of a claim that it is in default under,

or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(k) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as currently conducted, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(l) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries, and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(m) Intellectual Property. To the Company's knowledge, the Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as necessary or required for use in connection with their respective businesses and which the failure to so have could have a Material Adverse Effect.

(n) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(o) Transactions With Affiliates and Employees. Except as set forth in the SEC Documents, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from providing for the borrowing of money from or lending of money to, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, stockholder or partner, in each case in excess of \$250,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits.

(p) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby.

(q) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(r) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act which would require the registration of any such securities under the Securities Act.

(s) Solvency. The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. The SEC Documents set forth all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of \$150,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of \$150,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary received notice of a claim that it is in default with respect to any Indebtedness.

(t) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has no material tax obligations for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(u) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(v) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of the FCPA.

director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”).

(x) No Bad Actor Disqualifying Event. No “bad actor” disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a “Disqualification Event”) is applicable to the Company or, to the Company’s knowledge, any Company Covered Person, except for a Disqualification Event as to which Rule 506(d)(2)(ii-iv) or (d)(3), is applicable.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Such Purchaser understands that the Securities are “restricted securities” and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser’s right to sell the Securities in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants or converts any Notes it will be either: (i) an “accredited investor” as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a “qualified institutional buyer” as defined in Rule 144A(a) under the Securities Act. Such Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and is able to afford a complete loss of such investment.

(e) General Solicitation. Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement. Such Purchaser was only contacted by an agent of the Company for this private placement and no other offering.

(f) No Bad Actor. Such Purchaser hereby represents that neither it nor any of its Rule 506(d) Related Parties is a “bad actor” within the meaning of Rule 506(d). For purposes of this Agreement, “Rule 506(d) Related Party” shall mean a person or entity

covered by the “Bad Actor disqualification” provision of Rule 506(d).

(g) Foreign Purchaser. If Purchaser is not a United States person, such Purchaser represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Notes or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Notes, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Notes. Such Purchaser further represents that its payment for, and its continued beneficial ownership of the Notes, will not violate any applicable securities or other laws of its jurisdiction.

(h) Access to Information. Purchaser acknowledges that it has carefully and fully reviewed the SEC Documents and has been afforded: the opportunity to ask such questions as it has deemed necessary of representatives of the Company concerning items that the Purchaser deemed relevant in making a decision to purchase the Securities, the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities.

ARTICLE IV OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser, the Company may require the transferor thereof to provide to the Company an opinion of corporate counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall make the representations set forth in Section 3.2, and then shall have the rights and obligations of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

NEITHER THIS SECURITY NOR ANY SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A

LEGAL OPINION OF CORPORATE COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding number of shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Notes and the Warrant Shares pursuant to the Warrants, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 Furnishing of Information: Public Information. Until the latest of the time that (i) the Notes have been converted or (ii) the Warrants have expired or exercised, and so long as the Company is a reporting company pursuant to the Exchange Act, the Company covenants to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date thereof pursuant to the Exchange Act even if the Company subsequently is no longer then subject to the reporting requirements of the Exchange Act.

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities.

4.5 Conversion and Exercise Procedures. The form of Notice of Exercise included in the Warrants and the conversion feature included in the Notes set forth the totality of the procedures required of the Purchasers in order to exercise the Warrants or convert the Notes. The Company shall not require a legal opinion, other information or instructions shall be required of the Purchasers to exercise their Warrants or convert their Notes. The Company shall honor exercises of the Warrants and conversions of the Notes and shall deliver Underlying Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents. Each Purchaser agrees and acknowledges that upon the Qualified Offering, the aggregate Principal Amount of all the outstanding Notes shall convert into shares of Common Stock at the Conversion Price (the "Conversion Date").

4.6 Securities Laws Disclosure; Publicity. The Company shall not issue a press release disclosing the name of any Purchaser, or include the name of any Purchaser in any filing with the SEC or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except: (a) as required by state or federal securities laws, (b) to the extent requested by the SEC and (c) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clauses (b) and (c).

4.7 Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities hereunder for working capital and general corporate purposes and expenses. The Company shall not use such proceeds for: (a) the payments of any dividends or (b) the redemption of any shares of Common Stock.

4.8 Indemnification of Purchasers. Subject to the provisions of this Section 4.8, the Company will indemnify and hold each Purchaser and its directors, officers, stockholders, stockholders, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, stockholders, agents, stockholders, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any

capacity, or any of them or their respective Affiliates, by any stockholders of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.8 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, in a commercially reasonable manner. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law. For the avoidance of doubts, no officers, directors, employees, or stockholders of the Company shall be held personally liable under this Section 4.8.

4.9 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration is also offered to all of the parties to this Agreement. Further, the Company shall not make any payment of principal or interest on the Notes in amounts which are disproportionate to the respective principal amounts outstanding on the Notes at any applicable time. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.10 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

4.11 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Purchasers) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration (as defined below)), the Company shall, at such time, promptly give the Purchaser notice of such registration. Upon the request of the Purchaser given within twenty (20) days after such notice is given by the Company, the Company shall cause to be registered all of the Warrant Shares and Underlying Shares (collectively, the "Registrable Securities") that each such Purchaser has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 4.11 before the effective date of such registration, whether or not any Purchaser has elected to include Registrable Securities in such registration. For purposes of this Section 4.11, "Excluded Registration" means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; or (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities.

ARTICLE V MISCELLANEOUS

5.1 Fees and Expenses. Each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any conversion or exercise notice delivered by a Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.2 Entire Agreement. The Transaction Documents, together with the exhibits thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents and exhibits.

5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via e-mail or facsimile at the e-mail address set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. Each of the Transaction Documents shall not be amended, and no provision of any Transaction Document may be waived, except upon written consent of the Company and the Purchasers. Each Purchaser acknowledges that (i) in the event of a conflict, this provision controls all Transaction Documents regarding the subject matter hereof, and (ii) an amendment of the Transaction Documents (or waiver of any provision of the Transaction Documents) may occur by consent of holders of greater than 60% of the Principal Amount of the Notes and shall be binding upon all Purchasers.

5.5 No Short Sales. For as long as any Purchaser holds Securities, neither the Purchaser nor any of its Affiliates nor any entity managed or controlled by each such Purchaser will, directly or indirectly, or cause or assist any Person to (x) enter into any Short Sale or (y) trade in derivative securities to the same effect.

5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than by merger). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in this Section 5.7.

5.8 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, partners, stockholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or

overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

5.9 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities until the earlier of (i) one year following the Closing Date and (ii) the date the Notes are no longer outstanding.

5.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

5.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.12 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and an indemnification relating thereto. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.13 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.14 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.15 Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted,

now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by any Purchaser in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Purchaser with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Purchaser's election.

5.16 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents.

5.17 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.18 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.19 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and the number of shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, combinations and other similar transactions of the shares of Common Stock that occur after the date of this Agreement.

5.20 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

CURE PHARMACEUTICAL HOLDING CORP.

By: _____

Name: Robert Davidson
Title: Chief Executive Officer

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SIGNATURE PAGE FOR PURCHASER FOLLOWS]

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IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Date: _____

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Authorized Signatory: _____

Address for Notice to Purchaser: _____

Address for Delivery of Securities to Purchaser

(if not same as address for notice): _____

Subscription Amount (dollar amount paid for the Notes): \$ _____

Principal Amount (Subscription Amount): \$ _____

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NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND APPLICABLE STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF CORPORATE COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: February [*], 2018

\$[*]

CONVERTIBLE NOTE

THIS CONVERTIBLE NOTE is one of a series of duly authorized and validly issued Convertible Notes of CURE Pharmaceutical Holding Corp., a Nevada corporation (the “Company”), having its principal place of business at 1620 Beacon Place, Oxnard, California 93033 (this Note, the “Note” and, collectively with the other Notes of such series, the “Notes”).

FOR VALUE RECEIVED, the Company promises to pay to [*] or its registered assigns (the “Holder”), or shall have paid pursuant to the terms hereunder, the principal amount of \$[*] together with interest thereon on November 30, 2018 (the “Maturity Date”) or such earlier date as this Note is required or permitted to be repaid as provided hereunder. This Note shall bear interest in accordance with Section 2. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement and (b) the following terms shall have the following meanings:

“Bankruptcy Event” means any of the following events: (a) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof, (b) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors, (f) the Company or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any limited liability company or other action for the purpose of effecting any of the foregoing.

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Buy-In” shall have the meaning set forth in Section 4(d)(vi).

“Common Stock” means shares of the Company’s common stock, par value \$0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of this Note in accordance

with the terms hereof.

“Purchase Agreement” means the Securities Purchase Agreement, dated as of February 1, 2018, by and among the Company and the Holders signatory thereto, as amended, modified or supplemented from time to time in accordance with its terms.

“Qualified Offering” means the Company’s next bona fide sale of its preferred stock or Common Stock in excess of \$4,000,000 in gross proceeds, in one transaction or a series of related transactions, which offering definitively sets a price per share of the Company’s Common Stock or preferred stock and enables the Company to list its common stock on a national securities exchange.

“Securities Act” shall have the meaning set forth in the preamble legend to this Note.

“Share Delivery Date” means, subject to Sections 4(d), five (5) Business Days after the applicable Conversion Date.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock (or an equivalent thereof) is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the New York Stock Exchange, the OTCQB or the Pink OTC Markets (or any successors to any of the foregoing).

Section 2. Interest; Prepayment. The Company acknowledges and agrees that this Note shall bear interest at a rate of nine percent (9%) per annum, to be paid quarterly in cash on the last Trading Day of each fiscal quarter starting with June 30, 2018. Regularly scheduled interest payments shall be made on this Note. All payments hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the “Note Register”). At the discretion of the Company, the Principal Amount and unpaid accrued interest of this Note may be prepaid at anytime, provided that written notice is provided to the Holder at least fifteen (15) days in advance of the prepayment.

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Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same; provided, that the minimum principal amount of any replacement Note shall be \$25,000.00. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations to successor Holders who provide the same investment representations to the Company.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Optional Conversion. At any time after June 30, 2018 until the Maturity Date, the outstanding principal amount of this Note (the “Principal Amount”), plus all accrued but unpaid interest shall be convertible at the option of the Holder, in whole or in part, into shares of Common Stock, at any time and from time to time (the “Optional Conversion”), at a price per share equal to the average closing price of the Company’s Common Stock on the OTC Markets for the five consecutive trading days prior to the delivery of the Notice of Conversion, defined below, (the “Optional Conversion Price”). Holder shall effect any Optional Conversion by delivering to the Company a Notice of Conversion, the form of which is attached hereto as Annex A (each, a “Notice of Conversion”), specifying therein, among other things, the date on which such Optional Conversion shall be effected (such date, the “Optional Conversion Date”). If no Optional Conversion Date is specified in a Notice of Conversion, the Optional Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall be required to physically surrender this Note to the Company. The Company may deliver an objection to any Notice of Conversion within two (2) Business Days of delivery of such Notice of Conversion.

b) Mandatory Conversion. If on or prior to the Maturity Date, the Company consummates its Qualified Offering, the entire Principal Amount of this Note shall be automatically converted into shares of Common Stock (the “Mandatory Conversion” and together with the Optional Conversion, the “Conversion”) at a price per share equal to 75% of the price of the Qualified Offering (the “Mandatory Conversion Price” together with Optional Conversion Price, the “Conversion Price”).

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c) Adjustments to Conversion Price.

i. In the event the Company (i) subdivides outstanding Common Stock into a larger number of Common Stock, (ii) combines (including by way of a reverse split) outstanding Common Stock into a smaller number of Common Stock or (iii) issues, in the event of a reclassification of Common Stock, any Common Stock of the Company, then the Conversion Price shall be adjusted by multiplying the Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of members entitled to receive such distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

ii. If at any time or from time to time after the issuance date of this Note there shall be a capital reorganization of the Company (other than by way of a stock split or combination of shares or stock dividends or distributions, or a reclassification, exchange or substitution of shares), or a merger or consolidation of the Company with or into another corporation where the holders of the Company's outstanding voting securities prior to such merger or consolidation do not own over fifty percent (50%) of the outstanding voting securities of the merged or consolidated entity, immediately after such merger or consolidation, or the sale of all or substantially all of the Company's properties or assets to any other person (an "Organic Change"), then as a part of such Organic Change an appropriate revision to the conversion price shall be made if necessary and provision shall be made if necessary (by adjustments of the conversion price or otherwise) so that, upon any subsequent conversion of this Note, the Holder shall have the right to receive, in lieu of Conversion Shares, the kind and amount of shares of stock and other securities or property of the Company or any successor corporation resulting from the Organic Change. In any such case, appropriate adjustment shall be made in the application of the provisions of Section 4(a) with respect to the rights of the Holder after the Organic Change to the end that the provisions of Section 4(a) (including any adjustment in the conversion price then in effect and the number of shares of stock or other securities deliverable upon conversion of this Note) shall be applied after that event in as nearly an equivalent manner as may be practicable.

d) Mechanics of Conversion.

i. Conversion Shares Issuable Upon Conversion of Principal Amount. The number of Conversion Shares issuable upon a Conversion hereunder shall be determined by the quotient obtained by dividing (x) the Principal Amount by (y) the Conversion Price.

ii. Mechanics of Optional Conversion. In connection with an Optional Conversion by the Holder, the Holder shall provide the Company the Notice of Conversion. Upon receipt from the Holder, this Note shall automatically, and without any further action on the part of the Holder and whether or not the Note is surrendered to the Company, be converted into shares of Common Stock at the Optional Conversion Price. The Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless this Note is either delivered to the Company or the Holder notifies the Company that this Note been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such loss, theft or destruction. Upon receipt by the Company of this Note or an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such loss, theft or destruction, the Company at its expense shall, as soon as practicable thereafter, issue and deliver at such office to such Holder, or to the nominee or nominees of such Holder, a certificate or certificates for the shares of Common Stock to which such Holder shall be entitled as aforesaid.

Such Optional Conversion shall be deemed to have been upon the date specified in the Notice of Conversion, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of such date. Notwithstanding the foregoing, if the Company's transfer agent is participating in the DTC Fast Automated Securities Transfer Program, the Company may credit such aggregate number of shares of Common Stock to which the Holder shall be entitled pursuant to such conversion to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at custodian system.

iii. Mechanics of Mandatory Conversion. Upon a Mandatory Conversion, the Principal Amount shall automatically, and without any further action on the part of the Holder and whether or not the Note is surrendered to the Company, be converted into shares of Common Stock at the Mandatory Conversion Price on the consummation of the Qualified Offering (the "Mandatory Conversion Date" and together with the Optional Conversion Date, the "Conversion Date"). The Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such mandatory conversion unless this Note is either delivered to the Company or the Holder notifies the Company that this Note been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such loss, theft or destruction. Upon receipt by the Company of this Note or an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such loss, theft or destruction, the Company at its expense shall, as soon as practicable thereafter, issue and deliver at such office to such Holder, or to the nominee or nominees of such Holder, a certificate or certificates for the shares of Common Stock to which such Holder shall be entitled as aforesaid. Such conversion shall be deemed to have been upon the completion of the Qualified Offering, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. Notwithstanding the foregoing, if the Company's transfer agent is participating in the DTC Fast Automated Securities Transfer Program, the Company may credit such aggregate number of shares of Common Stock to which the Holder shall be entitled pursuant to such conversion to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at custodian system.

iv. Failure to Deliver Certificates. Except in the case of a Mandatory Conversion, in the case a Notice of Conversion is issued by the Holder to the Company, and such certificate or certificates are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to the Company the Common Stock certificates issued to such Holder pursuant to the rescinded Notice of Conversion.

v. Obligation Absolute; Partial Liquidated Damages. The Company's obligations to issue the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default (as defined below) pursuant to Section 6 hereof for the Company's failure to deliver Conversion Shares within the period specified herein and the Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

vi. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Mandatory Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates by the Share Delivery Date, and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock, to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Company shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount, if any, by which (x) the Holder's total purchase price (including any brokerage commissions) for the shares of Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Holder, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements under Sections 4(d)(i) and (ii). For example, if the Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause of the immediately preceding sentence, the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon

vii. Fractional Common Shares. No fractional shares of Common Stock shall be issued upon the conversion of this Note. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share of Common Stock.

Section 5. Covenants. Until the latest of the time that (i) the Notes have been converted or (ii) the Warrants have expired or exercised, the Company shall maintain the following covenants:

(a) The Company shall submit an application to a national securities exchange before the earlier of (i) March 31, 2018 and (ii) five Business Days after the Form 10-K for the year ending December 31, 2018 is filed with the SEC;

(b) The Company shall not:

(i) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;

(ii) pay cash dividends or any distributions on any equity securities of the Company;

(iii) enter into any transaction with any Affiliate of the Company which would be required to be disclosed in any public filing with the SEC, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval); or

(iv) offer more than \$6,000,000 by the Company on the terms of the Purchase Agreement, this Note or the Warrant;

(v) pledge the Company's assets for any Indebtedness;

(vi) issue any Indebtedness other than (A) in the ordinary course of business, (B) in connection with the Notes, (C) any Indebtedness in the connection with an acquisition of a business operating in the Company's scope of business and (D) up to \$2,000,000 in Indebtedness to pharmaceutical companies, provided such Indebtedness shall not have any registration rights.

Section 6. Events of Default.

a) "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Note or (B) interest, liquidated damages and other amounts owing to a Holder on any Note, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within fifteen (15) Trading Days;

ii. the Company shall fail to observe or perform any other material covenant or agreement contained in the Notes which failure is not cured, if possible to cure, within the earlier to occur of (A) fifteen (15) Trading Days after notice of such failure sent by the Holder or by any other Holder to the Company and thirty (30) Trading Days after receipt of written notice thereof;

iii. any material representation or warranty made in this Note or any other Transaction Documents shall be untrue or incorrect in any material respect as of the date when made that would cause a Material Adverse Effect;

iv. the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) shall be subject to a bankruptcy event; or

v. following the date the Company initially becomes a reporting company pursuant to the Exchange Act and its shares of Common Stock are listed on a Trading Market, the Common Stock shall subsequently not be eligible for listing or quotation for trading on a Trading Market and shall not be eligible to resume listing or quotation for trading thereon within ten (10) Trading Days.

b) Remedies Upon Event of Default. If any Event of Default occurs and is continuing before the Maturity Date, the outstanding principal amount of this Note, plus liquidated damages, interest and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash. Commencing fifteen (15) Trading Days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, the Principal Amount on this Note shall increase ten percent (10%). Upon the payment in full, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 6(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon. If this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note the Company shall be obligated and pay reasonable attorneys' fees in connection with such collection, enforcement or action.

Section 7. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, or such other e-mail address, or address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 7(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the e-mail address, or address of the Holder appearing on the signature pages attached to the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via e-mail at the email address set forth on the signature pages attached to the Purchase Agreement prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth on the signature pages attached to the Purchase Agreement on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note on any other occasion. Any waiver by the Company or the Holder must be in writing.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Amendment. This Note may be modified or amended or the provisions hereof waived in accordance with the Purchase Agreement.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

CURE Pharmaceutical Holding Corp

By: _____
Name: Robert Davidson
Title: Chief Executive Officer

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ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert the principal under the Convertible Note due November 30, 2018 (the "Note") of CURE Pharmaceutical Holding Corp, a Nevada corporation (the "Company"), into shares of Common Stock of the Company according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any. Capitalized terms used but not defined herein shall have the meaning ascribed to such term in the Note.

Conversion Price: \$ _____

Date to Effect Conversion: _____

Principal Amount to be Converted: _____

Number of shares of Common Stock to be issued: _____

Cash to be paid to Holder: _____

Signature: _____

Name: _____

Address for Delivery of Common Share Certificates: _____

Or

DWAC Instructions: _____

Broker No: _____

Account No: _____

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NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND APPLICABLE STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF CORPORATE COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

COMMON STOCK PURCHASE WARRANT

CURE PHARMACEUTICAL HOLDING CORP

Original Issue Date: February [*], 2018

THIS COMMON STOCK PURCHASE WARRANT (the “Warrant”) certifies that, for value received [*] or its assigns (the “Holder”) is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth and in the Securities Purchase Agreement, dated as of February [*], 2018, by and among CURE Pharmaceutical Holding Corp , a Nevada corporation (the “Company”) and the Holders signatory thereto, as amended, modified or supplemented from time to time in accordance with its terms (the “Purchase Agreement”), at any time on or after the Original Issue Date and on or prior to the close of business on the third anniversary of the Original Issue Date (the “Termination Date”) but not thereafter, to subscribe for and purchase from the Company, subject to adjustment as set forth in Section 3 herein, up to a number of shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”) equal to fifty percent (50%) of the number of shares of Common Stock issued upon conversion of the Holder’s Note at the applicable Conversion Price under the Note (as subject to adjustment hereunder, the “Warrant Shares”).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Convertible Notes (the “Notes”), dated February [*], 2018, issued by the Company to the purchasers pursuant to the Purchase Agreement.

Section 2. Exercise.

a) Exercise of Warrant. The exercise of this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as the Company may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed copy of the Notice of Exercise form annexed hereto (the “Notice of Exercise”) and within three (3) Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price (as defined below) of the Warrant Shares thereby purchased by wire transfer to an account designated by the Company or cashier’s check drawn on a United States bank. If the amount of payment received by the Company is less than the aggregate Exercise Price of the Common Stock being purchased, the Holder shall make payment of the deficiency within three (3)

Trading Days following notice thereof. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall automatically reduce the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within two (2) Business Days of receipt of such notice. The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be the lower of (a) \$2.00 or (b) 125% of the price per share of the Qualified Offering (the "Exercise Price"). If the Qualified Offering has not occurred, then the Exercise Price shall be \$2.00.

c) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) the earlier of (A) three (3) Trading Days after the delivery to the Company of the Notice of Exercise and (B) one (1) Trading Day after delivery of the aggregate Exercise Price and (ii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised in accordance with the requirements of the preceding sentence and with payment to the Company of the Exercise Price and all taxes required to be paid by the Holder, if any, prior to the issuance of such shares of Common Stock, having been paid. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(c)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder subject to payment of the Exercise Price therefor. For example, if the Holder purchases shares of Common Stock having a total purchase price of

\$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares. No fractional shares of Common Stock shall be issued upon the exercise of this Warrant. As to any fraction of a share of Common Stock which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round to the nearest whole share of Common Stock.

Section 3. Certain Adjustments.

a) Issuance of Additional Shares of Common Stock.

i. Until the Company consummates its Qualified Offering, in the event the Company shall issue any Additional Shares of Common Stock (as defined below), at a price per share less than the Exercise Price then in effect or without consideration, then the Exercise Price upon each such issuance shall be adjusted to that price determined by multiplying the Exercise Price then in effect by a fraction:

(A) the numerator of which shall be equal to the sum of (x) the number of outstanding shares of Common Stock (assuming full exercise, conversion or exchange of all warrants and other securities which are convertible into or exercisable or exchangeable for, and any right to subscribe for, shares of Common Stock) immediately prior to the issuance of such Additional Shares of Common Stock plus (y) the number of shares of Common Stock (rounded to the nearest whole share) which the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at a price per share equal to the Exercise Price then in effect, and

(B) the denominator of which shall be equal to the number of outstanding shares of Common Stock (assuming full exercise, conversion or exchange of all warrants and other securities which are convertible into or exercisable or exchangeable for, and any right to subscribe for, shares of Common Stock) immediately after the issuance of such Additional Shares of Common Stock.

ii. "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company after the date hereof, except: (i) securities issued (other than for cash) in connection with a merger, acquisition, or consolidation, (ii) securities

issued pursuant to the conversion or exercise of convertible or exercisable securities issued or outstanding on or prior to the date of the Purchase Agreement or issued pursuant to the Purchase Agreement (so long as the conversion or exercise price in such securities are not amended to lower such price and/or adversely affect the Holders), (iii) the Warrant Shares, (iv) securities issued in connection with bona fide strategic license agreements or other partnering arrangements so long as such issuances are not for the purpose of raising capital, (v) shares of Common Stock issued to the Company's employees, directors or advisors, (vi) any warrants issued to any placement agent and its designees for the transactions contemplated by the Purchase Agreement, and (vii) shares of Common Stock issued in the Qualified Offering.

c) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share of Common Stock, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock issued and outstanding.

d) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend on the shares of Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of Common Stock rights or warrants to subscribe for or purchase any shares of Common Stock of any class or of any rights, (D) the approval of any members of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the shares of Common Stock are converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the

Warrant Register of the Company, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously publicly disclose such notice. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

e) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer, but only after such transferee agrees to be bound by the provisions of this Agreement. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be

involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Original Issue Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. The Warrant may only be disposed of in compliance with state and federal securities laws and shall not be transferred unless the Warrant is (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144 under the Securities Act.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(c)(i), except as expressly set forth in Section 3.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Common Stock. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue). Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its organizational documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (ii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder or Company shall operate as a waiver of such right or otherwise prejudice the Holder's or Company's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If either party willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the other, the first party shall pay to the other party such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the affected party in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via email or facsimile at the email address or facsimile number set forth on the signature pages attached to the Purchase Agreement at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of email or facsimile transmission, if such notice or communication is delivered via email or facsimile at the email address or facsimile number set forth on the signature pages attached to the Purchase Agreement on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature page attached to the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any share of Common Stock or as a member of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this

Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived in accordance with the Purchase Agreement.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

EXHIBIT B

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

CURE PHARMACEUTICAL HOLDING CORP.

By: _____
Name: Robert Davidson

NOTICE OF EXERCISE

TO: CURE Pharmaceutical Holding Corp.

(1) The undersigned hereby elects to purchase Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of lawful money of the United States.

(3) If in connection with the Qualified Offering, please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended, and that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares of Common Stock.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute
this form and supply required information.

Do not use this form to exercise the Warrant.)

FOR VALUE RECEIVED, [_____] all of or [_____] shares of Common Stock of the foregoing Warrant and all rights
evidenced thereby are hereby assigned to

_____ whose address is

_____.

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of limited liability companies and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
AND RULE 13A-14 OF THE EXCHANGE ACT OF 1934**

CERTIFICATION

I, Rob Davidson, certify that:

1. I have reviewed this annual report on Form 10-K of CURE Pharmaceutical Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2018

/s/ Rob Davidson

Rob Davidson
Chief Executive Officer and Principal
Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
AND RULE 13A-14 OF THE EXCHANGE ACT OF 1934**

CERTIFICATION

I, Mark Udell, certify that:

1. I have reviewed this annual report on Form 10-K of CURE Pharmaceutical Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2018

/s/ Mark Udell

Mark Udell
Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of CURE Pharmaceutical Holding Corp., (the “Company”) on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rob Davidson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2018

/s/ Rob Davidson
Rob Davidson
Chief Executive Officer and Principal
Executive Officer

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of CURE Pharmaceutical Holding Corp., (the "Company") on Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Udell, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2018

/s/ Mark Udell

Mark Udell
Chief Financial Officer

