

FRANCHISE DISCLOSURE DOCUMENT

BAGEL BOSS FRANCHISING LLC
A Florida Limited Liability Company
1172 S. Dixie Hwy, Suite 335,
Coral Gables, FL 33146
516-414-0915
franchises@bagelboss.com
bagelbossfranchise.com



You will operate a Bagel Boss location, where you will provide the finest New York bagels, bialys and bakery items under the Bagel Boss® trademarks.

The total investment necessary to begin operation of a Bagel Boss franchise ranges from \$499,999 to \$969,999. This includes \$ 35,000 that must be paid to us.

The total investment necessary to begin the operation of a Bagel Boss multi-unit development business ranges from \$654,999 to \$1,199,999 for a required minimum of 3 Bagel Boss outlets to be developed. This includes \$90,000 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 20, 2023

How to Use this Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Bagel Boss business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Bagel Boss franchisee?	Item 20, Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addendum. See the Table of Contents for the location of the State Specific Addendum.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

- 1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
- 2) **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
- 3) **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" (if any) to see whether your state requires other risks to be highlighted.

BAGEL BOSS FRANCHISING LLC
Franchise Disclosure Document

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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Bagel Boss Franchising LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Bagel Boss® franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a Limited Liability Company in the State of Florida on September 18, 2020. Our principal business address is 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146, and our telephone number is 516-414-0915. We do business under our company name, “Bagel Boss®” and its associated design (the “Marks”). We began offering franchises in February 2021.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have a predecessor company Bagel Boss America Corp., a New York Corporation with principal place of business at 432 South Oyster Bay Road Hicksville N.Y.11801 formed on July 26, 1995.

We have a predecessor company Bagel Boss Holding Corp. a New York Corporation with its corporate headquarters at 4190 Venture Ave., Miami, Florida 33133 formed on March 14, 2006.

We have a predecessor company Bagel Boss Franchise Corp., a New York Corporation with its principal place of business at 1352 Peninsula Boulevard, Hewlett, New York 115577 formed on August 11, 2017.

We have a parent company, Bagel Boss Holdings LLC, a Florida limited liability company with principal place of business at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146. Bagel Boss Holdings LLC was formed on September 17, 2020 and has not offered franchises in this or in any other lines of business previously.

We have an affiliated company, Bagel Boss IP, LLC, a Florida limited liability company with a principal place of business at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146. Bagel Boss IP, LLC was formed on September 17, 2020 and is the owner of our Marks and has exclusively licensed use of the Marks to us. Bagel Boss IP, LLC has not offered franchises in this or in any other lines of business previously.

We may operate other Bagel Boss concepts, including additional Bagel Boss businesses similar to the business offered by this Disclosure Document, in the future.

The Franchise Offered:

We offer franchises for the right to operate a Bagel Boss location offering the finest New York bagels, bialys and bakery items. You will provide products to customers under the “Bagel Boss®” Marks, using our distinctive operating procedures and standards in a limited protected territory and from a single location (the “Franchised Business”). The distinguishing characteristics of a Bagel Boss Franchised Business include, but are not limited to, the Bagel Boss’s distinctive trade dress, proprietary designs and techniques, operations methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

Market and Competition:

The market for your Bagel Boss Franchised Business consists of anyone that enjoys freshly made bagels, bialys and bakery items.

The market for quick service breakfast and lunch food concepts is developed. You will compete with businesses, including national, regional and local businesses, offering services similar to those offered by your Bagel Boss Franchised Business. There are other quick service restaurant franchises, as well as independent businesses throughout the United States, that may offer similar products and services. Your business may also be affected by economic conditions.

Industry Specific Regulations:

You must comply with all local, state and federal laws and regulations that apply to the operation of your Bagel Boss Franchised Business, including, among others, business operations, land use, insurance, discrimination, employment, food service laws and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2: BUSINESS EXPERIENCE

Adam Todd Rosner, Director of Training:

Company Name	Title	Dates of Employment	Location
Bagel Boss Franchising LLC	Director of Training	September 2020 to Present	Coral Gables, Florida
Bagel Boss Holdings LLC	Founder/Chairman	September 2020 to Present	Coral Gables, Florida
Bagel Boss Holding Corp	CEO	1997 to August 2020	Jericho, New York

Andrew Hazen, CEO and CMO:

Company Name	Title	Dates of Employment	Location
Bagel Boss Franchising LLC	CEO and CMO	September 2020 to Present	Coral Gables, Florida
Bagel Boss Holdings LLC	CEO	September 2020 to Present	Coral Gables, Florida
Ruskin, Moscou, Faltischek, PC	Of Counsel	2011 to Present	Long Island, New York

Alex Rosner, COO and Head Trainer:

Company Name	Title	Dates of Employment	Location
Bagel Boss Franchising LLC	COO	September 2020 to Present	Coral Gables, Florida
Bagel Boss Holdings LLC	COO	September 2020 to Present	Coral Gables, Florida
Bagel Boss Holding Corp	General Manger	2014-August 2020	Jericho, New York

ITEM 3: LITIGATION

As of the date of this Disclosure Document, our predecessor Bagel Boss Holding Corp. (BBH) entered into an Assurance of Discontinuance with the State of New York related to an investigation into the sale of franchises within the State while not being registered or exempt from registration. The title of the case is Investigation by Letitia James, Attorney General of the State of New York, of, Bagel Boss Holding Corp. and Adam Rosner, case number AOD # 22-034. The investigation was initiated in June of 2021.

The AOD concluded that BBH sold a franchise in the State of New York while it was not properly registered or exempt from registration. As a result, BBH agreed to pay the State fifteen thousand dollars (\$15,000) in penalties and costs as well as refund the Franchisee a forty-thousand-dollar (\$40,000) termination fee that was paid.

In addition, we, BBH and any affiliates have agreed to a general injunction not to engage or attempt to engage in any violation of any applicable laws including the Franchise Sales Act. For a period of five years after the AOD was executed, BBH agrees to provide notice to OAG of each franchise agreement it executes, including providing the identity of the parties thereto and the amount of all initial, termination and other fees in the agreement, within 30

days of the closing of the agreement and will provide notice of any termination fee actually paid to BBH and the amount of such fee, and the parties who paid it, within 30 days of such payment.

ITEM 4: BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Thirty Five Thousand Dollars (\$ 35,000). This payment is fully earned by us, and due in a lump sum payment when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

We will charge you a development fee (“Development Fee”) when you sign the Multi-Unit Development Agreement, in an amount as follows:

Number of Outlets to Develop	Development Fee	Fee Per Outlet
3	\$90,000	\$30,000
5	\$140,000	\$28,000
10	\$265,000	\$26,500

The Development Fee is fully earned by us and due in lump sum when you sign the Development Agreement. The Development Fee is not refundable under any circumstance. We will charge you a development fee (“Development Fee”) when you sign the Multi-Unit Development Agreement of One Hundred and Five Thousand Dollars (\$90,000.00) for three (3) Franchised Businesses, or One Hundred and Sixty-Two Thousand Dollars (\$140,000.00) for five (5) Franchised Businesses and Three Hundred Thousand Dollars (\$265,000) for ten (10) Franchised Businesses. For each outlet, you are required to sign a separate franchise agreement. Developer shall receive a corresponding credit from the Development Fee, which shall be applicable to the Initial Franchise Fee due under each Franchise Agreement. Upon Franchisor’s approval, Developer may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Bagel Boss outlet pursuant thereto, provided that Developer shall also personally sign such Franchise Agreement as a principal.

If you are in good standing, and have demonstrated in our sole discretion, that you have the ability to successfully operate your Bagel Boss Franchised Business, we may allow you to operate additional franchised businesses under subsequent franchise agreements at a reduced Initial Fee of \$25,000. We may approve your application for an additional franchise at our sole discretion and you are not necessarily entitled to be considered for an additional franchise.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you.

Veterans Program

We have the right to provide a 20% discount on the initial franchisee fee to qualified military veterans of the U.S. Armed Forces, under the VetFran program who have been honorably discharged. You must provide a copy of your DD 214.

ITEM 6: OTHER FEES

Type of Fee ¹	Amount	Due Date	Remarks
Continuing Royalty Fee ²	Four and a half Percent (4.5%) of Gross Revenues See Note 2 below.	Weekly via ACH on Tuesday for the sales week ending the immediately preceding Sunday.	Gross Revenues are defined in Note 2 below. Royalties are currently paid directly to us.
Brand Development Fund Contribution ³	Currently Brand Fund Contribution is 1% of Gross Revenues.	Weekly via ACH at the same time as Royalty.	Brand Fund Contributions are paid directly to the Brand Fund.
Technology and Website Fee ⁴	Currently \$650 per month	As incurred.	Payable to us.
Interest	1.5% per month or highest rate allowed by law.	As incurred.	Interest is paid to us from the date of nonpayment or underpayment.
Late Charge	\$75	As incurred.	If you fail to pay us the Continuing Royalty Fee, Brand Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you \$75 for each late submission in addition to interest charges.
Non-Compliance Fee ⁵	\$300 per incident per day.	As incurred.	Payable to us.

Type of Fee ¹	Amount	Due Date	Remarks
Transfer Fee ⁶	75% of the then-current initial franchise fee or \$25,000 for transfer to an existing franchisee in good standing, or \$3,500 for transfer to an entity owned and controlled by the franchisee for convenience purposes or \$2,500 for a transfer to a spouse, parent or child upon death or permanent disability.	Transfer fee is paid to us upon application to transfer.	Payable to us. The transfer fee is paid upon application to transfer.
Relocation Fee ⁷	Costs and Expenses	As incurred.	Payable to us or third-party providers.
Non-Sufficient Funds Fee	\$50 per violation	As incurred.	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.
Conference Fee	Up to \$2,000 annually	90 days before conference date	If we hold a Franchisee Conference, your attendance and payment of the Conference Fee is required.
Audit Fee ⁸	Costs and Expenses.	As incurred.	Payable to us.
Additional Training at Franchisor's Location ⁹	Currently \$500 per person per day plus expenses incurred.	As incurred.	Payable to us. As Incurred prior to beginning of additional training.

Type of Fee ¹	Amount	Due Date	Remarks
Remedial Training/ On-Site Training at Franchisee's Location ¹⁰	Currently \$500 per trainer per day plus travel and other expenses incurred.	As incurred.	Payable to us.
Successor Agreement Fee	18% of the then current franchise fee	Upon signing a then current form franchise agreement.	The Successor Agreement Fee is paid to us, over and above any Royalties, Brand Fund or any other fees to which we are entitled.
3 rd Party Accounting Fee ¹¹	Costs and Expenses	As incurred.	Payable to third party accounting provider.
Indemnification	The amount of any claim, liability or loss we incur from your Franchised Business.	As incurred.	Payable to us.
Confidential Operating Manual Replacement Fee	Our then-current fee.	As Incurred.	Payable to us.
Management Fee ¹²	20% of Gross Sales in the event we choose to operate franchise due to death, disability, etc., plus our expenses	As incurred.	Payable to us, weekly with the Royalty payment.
Post-Termination or Post-Expiration Expenses ¹³	Costs and expenses.	As incurred.	Reimbursement of our post-termination or post-expiration expenses is paid to us.
Testing or Supplier Approval Fee	Costs and expenses	Upon request.	Upon request.

Type of Fee ¹	Amount	Due Date	Remarks
Reimbursement of Legal Fees and Expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As incurred.	Payable to us.
Insurance	Amount paid by us for your insurance obligations plus and additional ten percent (10%) administrative fee.	As incurred.	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes.	As incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are generally uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

1) The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.

2) Royalty payments are paid weekly via ACH on each Tuesday for the sales week ending the immediately preceding Sunday. Royalty payments are four and a half percent (4.5%) of Gross Revenue from your business. Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually

transmitted to the appropriate taxing authorities. If you close for any reason, you are still responsible for daily royalty fees based upon a yearly average.

3) We require you to contribute up to one percent (1%) of your Gross Revenues to the Brand Development Fund ("Brand Fund Contribution"). Brand Fund Contributions will be paid directly to the Brand Fund and not to us. Brand Fund Contributions are not income to us. We will have the right to expend the funds accumulated in the Brand Fund in our sole discretion. We may reallocate all or a portion of this fee to a Regional Advertising program if one is established in your region. The Brand Fund contribution may be increased up to two percent (2%) of Gross Revenue with reasonable notice from us.

4) Technology fee is for POS system and maintenance, support of our email system and social media, website platform, eLearning, Financial Reporting and Operations Audit software and expenses for these systems. We may increase this fee with 30-days' notice based on suppliers' price increases or new technology expenses.

5) If you are not in compliance with any terms of the franchise agreement or operating manual, you will be charged \$300 per incident per day.

6) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee upon application to transfer. We have the right to match any offer to purchase the business, and we can substitute cash for any financing agreement.

7) Any relocation must be approved by us. Except in cases of emergency, the new premises must be occupied and open prior to vacating the old location.

8) We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Revenues in any report by two percent (2%) or greater, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Revenues in any report by more than two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

9) Training for you and up to two other people is included in the franchise fee. We can provide training to additional individuals for you at a rate of \$500 per person per day of training. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.

10) Any additional training that occurs at your site, requested by you or required by us, is currently \$500 per trainer per day plus travel and other expenses incurred.

11) We may decide in our sole discretion that you must use the services of a 3rd party to provide your accounting or bookkeeping services. Payments will be made directly to the accounting provider.

12) If we are required to temporarily operate your business in certain circumstances, including your death, disability or prolonged absence you must pay us this management fee.

13) Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Single Unit)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$ 35,000	Lump sum payment in cash or available funds.	Upon signing the Franchise Agreement.	Payable to us
Utility Deposit ²	\$3,500 to \$6,500	As incurred	Before opening	Utility Providers
Rent (3 Months) ³	\$25,000 to \$50,000	As incurred	Before opening	Landlord
Construction, Leasehold Improvements, Furniture and Fixtures ⁴	\$210,000 to \$480,000	As incurred	Before opening	Third-party providers
Signage ⁵	\$9,000 to \$30,000	As incurred	Before opening	Third-party providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Equipment ⁶	\$150,000 to \$220,000	Lump sum	Before opening	Third-party providers
Computer Hardware and Software ⁷	\$4,000 to \$7,000	Lump sum	Before opening	Third-party providers
Initial Inventory ⁸	\$10,000 to \$18,000	As incurred	Before opening	Third-party providers or us
Printing, Stationery and Office Supplies	\$500 to \$1,000	As incurred	Before opening	Third-party providers
Business Permits and Licenses ⁹	\$7,000 to \$35,000	As incurred	Before opening	Licensing Authorities
Insurance ¹⁰	\$1,500 to \$2,000	As arranged	Before opening	Insurance Providers
Professional Fees ¹¹	\$5,000 to \$8,000	As arranged	Before opening	Accountants, Attorneys, Business Advisors
Training Expense ¹²	\$5,400 to \$19,950	As arranged	Before opening	Airline, hotel, restaurants
Grand Opening Advertising ¹³	\$6,000 to \$9,000	As incurred	Before and During Opening	Advertising Providers
Additional funds- Three Months ¹⁴	\$28,099 to \$48,549	As incurred	After opening	Various
TOTAL	\$499,999 to \$969,999			

**YOUR ESTIMATED INITIAL INVESTMENT
(Multi-Unit)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee ¹	\$90,000 - \$265,000	Lump sum payment in cash or available funds	Upon signing the Multi-Unit Development Agreement	Us
Utility Deposit ²	\$3,500 to \$6,500	As incurred	Before opening	Utility Providers
Rent (3 Months) ³	\$30,000 to \$50,000	As incurred	Before opening	Landlord
Leasehold Improvements, Construction and/or Remodeling ⁴	\$246,000 to \$480,000	As required by supplier, contractor or landlord	Before opening, as required by supplier.	Suppliers, contractor and/or Landlord

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Signage ⁵	\$18,000 - \$30,000	As incurred	Before opening	Suppliers
Equipment ⁶	\$186,000 to \$220,000	As required by suppliers	Before opening	Suppliers
Computer Hardware and Software ⁷	\$4,000 to \$7,000	Lump sum	Before opening	Third-party providers
Initial Inventory ⁸	\$10,000-\$18,000	As required by suppliers	Before opening	Suppliers, Us
Business Licenses and Permits ⁹	\$12,000 - \$35,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Insurance ¹⁰	\$1,500 - \$2,000	As required by insurer	Before opening	Insurer
Professional Fees ¹¹	\$5,000 - \$8,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Printing, Stationery and Office Supplies	\$500 to \$1,000	As incurred	Before opening	Third-party providers
Your Training Expenses ¹²	\$5,400 to \$19,950	As required for transportation, lodging & meals	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Grand Opening Advertising ¹³	\$6,000 - \$9,000	As required by supplier	As required by supplier	Suppliers
Operating Expenses / Additional Funds – 3 months ¹⁴	\$37,099 - \$48,549	As incurred	Payroll weekly, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
TOTAL \$654,999 to \$1,199,999				

Notes

1) Fee. The initial franchise fee is the same for all similarly situated franchisees. Refer to Item 5 of this Disclosure Document for available discounts. The Franchise Fee is not refundable under any circumstances. We or our Affiliates do not offer any direct or indirect financing of Your Estimated Initial Investment, please refer to Item 10 for additional details.

2) Utility Deposits. Estimates based on historical experience of affiliate Will vary based on municipality and service provider

3) Rent. Represents 3-month deposit (first, last months plus 1-month security) This estimate is for a location with between 1,800 to 2,800 square feet of space in a suburban location. Both estimates represent a site in a suburban location.

4) Leasehold Improvements, Construction and/or Remodeling. You will need to convert an existing facility into a Franchised Business, or you will construct improvements of, or “build out,” the premises at which you will operate the Franchised Business between 1,800 to 2,800 square feet. The difference between the high and low are due to geography and size. The conversion, construction and/or “build out” must be performed in accordance with our standards and specifications. These improvements may include, Architect fees, general contractor, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, millwork, installing fixtures. Estimate does not include furniture items (i.e. tables and chairs) you purchase or lease. Costs are likely to vary depending upon the size, location, configuration, installation costs, and overall condition of the premises, and may be much higher, if you already have or wish to establish your Franchised Business in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply. You may be able to obtain a leasehold allowance from the landlord covering a portion of the costs of constructing the leasehold improvements. Any allowance will be negotiated between you and the landlord. If you are able to obtain from the property owner or lessor a leasehold allowance, or even a lease payment abatement, those allowances or benefits should reduce your overall out-of-pocket costs to acquire, build out, and lease space. If you acquire or lease existing retail space that may have operated as a restaurant or as another type of business, the costs for retrofitting the space with the required leasehold improvements may be more (or sometimes less) than the figures in the chart. These situations are site-specific and we cannot estimate the costs; a franchisee should evaluate those potential costs for any specific site that might be considered.

5) Signage. Includes wall signage for exterior of the building. Interior signage such as logo graphics for windows and interior brand identification such as wall graphics. This range includes the cost of all signage used in the Franchised Business. The signage requirements and costs may vary based upon the size and location of the Franchised Business, local zoning requirements, landlord requirements and local wage rates for installation, among other things.

6) Equipment, camera system, refrigeration, mixer, deli cases, ovens needed to operate your Franchised Business. The cost of the equipment will vary according to local market conditions, the size of the Franchised Restaurant, suppliers and other related factors. The figures in the table are for purchasing the equipment. The specifications are directed by the Franchisor. Cost does not include transportation or set up charges.

7) Computer Hardware and Software. Includes Clover POS Package (Two (2) terminals, two (2) mounts, two (2) cash drawers, three (3) thermal printers, two (2) payment devices). Computer, printer, accounting and other software are also needed and not a part of the Clover package. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. We reserve the right to change your requirements for computer hardware and software at any time.

8) Initial Inventory. This estimate is for the cost of the initial inventory sufficient for approximately one (1) to two (2) weeks of operation. Includes initial order of ingredients, paper products and retail items to open.

9) Business Licenses and Permits. This is an estimate of the costs of building permits, sign permits and a certificate of occupancy for your premises including IMPACT fees. Not all locations will require all of these permits, depending on the prior use of the premises and the requirements of local ordinances. This estimate also includes the cost of a local business license and ServSafe certification. The costs of permits and licenses will vary by location. We cannot estimate the cost of this license because requirements and fees vary widely. Please contact your local governing agency for this information.

10) Insurance. Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for the cost of deposit which is one month towards the one (1) year of required minimum coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

11) Professional Fees. Estimate is for architect, attorney, accountant or other business advisor. You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity and/or obtaining zoning approval. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

12) Your Training Expenses. Cost of travel, food, lodging and salary for one to three (1-3) employees attending training for up to twenty one (21) days in Long Island, NY. This estimate does not include labor costs.

13) Grand Opening Advertising. Thirty (30) days prior and sixty (60) days after opening. No specific events are specified, but Grand Opening Plan must be approved by franchisor.

14) Additional Funds. These figures represent additional operating capital that you may need to operate your Franchised Business during the first three months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, delivery vehicle monthly payments, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. It does not include owner compensation. These items are by no means all-inclusive of the extent of the expense categorization.

We relied upon the experience of our franchisee-owned Bagel Boss outlets as well as our own experience in the bagel business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level

reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, supplies and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase all equipment, inventory, supplies and services from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

None of our officers owns an interest in any suppliers.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. The minimum insurance required is comprehensive general liability insurance in the amount of at least One Million dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate; property and casualty insurance to cover the full replacement value of your leasehold improvements, equipment, furniture, fixtures, and inventory; business interruption insurance in an amount necessary to satisfy your obligations under your franchise agreement for at least six (6) months; statutory worker's compensation insurance in the limits required by state law; electronic equipment and data damage or loss of at least Ten Thousand Dollars (\$10,000); and identify theft coverage of at least Two Thousand Five Hundred Dollars (\$2,500) each for loss and for expenses; employer's liability insurance in the amount of One Million Dollars (\$1,000,000); damage to rented premises coverage at least three hundred thousand (\$300,000); and if you operate a vehicle on behalf of your Franchised Business, comprehensive automobile liability insurance of at least a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000). Each policy must be written by a responsible carrier or carriers acceptable to us, with an A.M. Best rating of not less than A-VII, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we will charge you the cost and expenses to do so.

We currently do not receive any other revenue, rebates, discounts or other material consideration from any suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

In the fiscal year ended December 31, 2022, Bagel Boss Franchising earned a total of \$253,497 in revenue and \$0 of that revenue was derived from required purchases and leases by franchisees. Our affiliate earned approximately \$4,000 from required purchases and leases from franchisees based on their year end financial statements.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately between 40% and 60% of your costs to establish your Franchised Business and approximately 40% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition	8.1	11
b. Pre-Opening Purchase/Leases	8.3, 12.1.1, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	11
d. Initial and Ongoing Training	Article 7	11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
e. Opening	8.2.3, 8.3	11
f. Fees	5.1, 5.2.7, Article 6, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 12.1.7, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.1, 12.1.4, 12.6	8
j. Warranty and Customer Service Requirements	12.1.5	6
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	12.1.4, 12.3.5	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.2, 12.1.5, 12.1.9	11,17
n. Insurance	Article 15	7
o. Advertising	Article 13	6, 11
p. Indemnification	15.4, 15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.6	11, 15

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
r. Records /Reports	12.2	6
s. Inspections and Audits	9.2, 12.1.7, 12.2.5	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	11.2.6, Attachment 6	15

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf. We will, if such is available, introduce you to financial sources and suppliers who may offer credit arrangements, but we will not derive income from the placement of financing. You may obtain financing from any source, at your discretion, upon such terms and conditions as you may negotiate.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. approve the protected territory for your Franchised Business. A protected territory will consist of contiguous zip codes or other readily definable boundaries within a specific geographic radius. (Franchise Agreement, Sections 8.1.2, 10.1).
- b. loan to you the Bagel Boss Operations Manual, other manuals and training aids we designate, and give you access to on-line learning modules for use in the operation of your Bagel Boss Franchise, as they may be revised from time to time. (Franchise Agreement, Section 10.3).

- c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items (Franchise Agreement, Section 10.5).
- d. provide you and up to two other individuals with initial training at our location, the cost of which is included in your initial franchise fee, excluding transportation, lodging, meals and wages. We reserve the right to designate an alternative location for the initial training. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. (Franchise Agreement, Sections 7.1, 7.2).
- e. provide a trainer at your premises for on-site training, supervision and assistance for up to one week during the opening of your Franchised Business. (Franchise Agreement, Section 7.3).
- f. advise on construction, ordering of fixtures and build out. We do not typically own the premises you will lease. You are responsible for securing your own contractor. (Franchise Agreement, Section 8.1)
- g. provide sample location layout and specs. (Franchise Agreement, Section 8.2)
- h. Within 180 days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within 14 business days, either accepting or rejecting the proposed location. Our current site selection guidelines are outlined in our Operations Manual. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. If you do not identify a site that meets our approval within 300 days of signing the Franchise Agreement and obtain possession of the site within 60 days of our approval, we reserve the right to terminate the Franchise Agreement. We will not own and/or lease a site to you. You are responsible for negotiating a lease with the owner of a site we approve. If we cannot agree on a location within the Time to Open below, it will be considered a default of the Franchise Agreement. (Franchise Agreement, Section 8.1.3)

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Bagel Boss franchised business is 240 to 365 days. Factors that may affect this time period include your ability to acquire financing or permits, build out of your location, have signs and equipment installed in your location, and completion of required training. You should have a suitable location and signed lease within three (3) months of signing the Franchise Agreement. If you have not opened your Franchised Business within twelve (12) months after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time or as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.3)

3. Obligations After Opening

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us, and/or attend an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).
- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$500 per trainer per day of on-site training (Franchise Agreement, Section 7.5).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or camera-ready advertising, TV and radio commercials, and other promotional materials (Franchise Agreement, Section 10.6).
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your service to ensure that they meet our standards (Franchise Agreement, Section 10.4).
- g. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items (Franchise Agreement, Section 10.5).
- h. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- i. advise on the advertised selling price for products and services for your Bagel Boss business. (Franchise Agreement, Section 12.5).
- j. approve your location within ten (10) business days. If we cannot agree on a location within the Time to Open below, it will be considered a default of the Franchise Agreement. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. (Franchise Agreement, Section 8.1.3)

- k. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within fourteen (14) business days, the proposed material and/or campaign is deemed “disapproved.” (Franchise Agreement, Section 13.6).

4. Advertising

Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend one percent a minimum of (1%) of gross monthly revenue on local marketing and advertising activities per month. During the period thirty (30) days prior to opening and sixty (60) days after opening you must spend a minimum of \$6,000 on Grand Opening marketing activities. Depending on your market this may be increased up to \$9,000. We must approve all advertising materials. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

You may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within fourteen (14) business days; however, if we do not respond within fourteen (14) business days, the proposed advertising or marketing material is deemed “disapproved”.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. If feasible, you may do cooperative advertising with other Bagel Boss franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, TikTok, Instagram or any other social media and/or networking site without our prior written approval. Failure to comply with the above regulations will be considered a default of your agreement and we have the right to terminate your agreement.

System-wide Brand Development Fund (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Fund one percent (1%) of weekly gross revenues generated by your Franchised Business. We may increase this contribution up to a maximum of two percent (2%) of your weekly gross revenues generated by your Franchised Business. Your Brand Fund contribution is collected at the same time and in the same manner as your Royalty.

Our accounting and marketing personnel administer the Brand Fund. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund

Company and affiliate owned Bagel Boss outlets are not required to contribute to the brand fund.

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

As of the date of this disclosure document, the Brand Fund has not been established. No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Bagel Boss outlets in a designated geographic area. Our affiliate and franchisor owned outlets are not required to contribute to a regional cooperative. Each Bagel Boss outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. Membership will be defined on a geographic basis. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement,

you must sign all documents we request and become a member of the cooperative according to the terms of the documents. We will administer the cooperative

If we establish a regional advertising fund or cooperative, you must contribute amounts we require, up to one half (1/2) of your Local Advertising spending requirement. This may be increased by majority vote of your regional cooperative. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund. There are not currently any governing documents available for your review.

Advertising Council (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and location profitability. We reserve the right to change or dissolve the council at any time.

5. Computer Systems (Franchise Agreement, Section 12.3)

You are required to use the hardware, software, system tools and processes as stated in the Operations Manual. Currently, you are required to have the following hardware and software.

Hardware: Clover POS Package (Two (2) terminals, two (2) mounts, two (2) cash drawers, three (3) thermal printers, two (2) payment devices). In addition, a laptop computer and printer are required.

Software: Clover POS monthly service and accounting package, Operations Audit and Financial Reporting Software, eLearning Software.

You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We may in the future modify or establish other sales reporting systems as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense. The current approximate cost of the required hardware and software is \$3,000 to \$6,000.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. We cannot estimate the cost of maintaining, updating and upgrading your smart device or computer hardware and software because it will depend on the make and model of your device and computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have independent access to your sales information and customer data generated by and stored in your system. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign

any documents we require to allow us to independently and electronically access and retrieve the information stored on the system. We own all customer data stored in your computer system.

6. Table of Contents of Operations Manual

The Table of Contents of our Bagel Boss Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 140 pages.

7. Training (Franchise Agreement, Article 7)

Pre-Opening training will be held in one of our Long Island, NY area locations, or another location we deem appropriate, and is conducted over the course of 3 weeks, lasting between 8 and 10 hours per day. We will train up to three (3) people; at least one owner and one general/key manager must attend. All trainees must hold a ServSafe Certification (Or locally approved equivalent food handler's certification) and provide to us prior to attending training.

Pre-opening training is a requirement for operating the franchised business and must be successfully completed prior to opening. Our pre-opening training program is typically conducted four (4) to six (6) times a year and is held every eight (8) weeks to twelve (12) weeks.

Initial training program will be conducted under the supervision of Alex Rosner. Alex is a 6th generation bagel baker born & raised in New York. Having grown up in his family's 13+ Bagel Boss locations, Alex encompasses all skills necessary to train bagel store owners and operators to run a profitable franchise. Alex started at the bottom of the management chain and worked his way through every station in the business. From baking bagels, to customer service, to payroll and scheduling, Alex has the ability to help with all aspects of the business, FOH and BOH. Alex has been involved in four build outs, from conception to grand openings of the units. He has successfully built teams from the ground up. With Alex's experience and innate passion for the bagel business, he can help navigate you and your staff through the training and set up of your store. Bagel Boss reserves the right to change the trainer if Alex is unavailable.

We will review the understanding and knowledge of procedures outlined in the Franchise Operations Manual and supplement training with visual, verbal and hands-on instruction. We may employ video or virtual training. The Training Program includes topics listed on Chart 1: Initial Franchise Training and Chart 2: Operations Training.

TRAINING PROGRAM Level 1: Initial Franchise Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction/Overview	3	0	Long Island, NY Area
Marketing/Advertising	2	4	Long Island, NY Area

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Personnel/Building A Team/Leadership	2	0	Long Island, NY Area
Daily Operations/Guest Services	2	2	Long Island, NY Area
Management/Suppliers/Inventory	2	0	Long Island, NY Area
Finance/POS/Banking	2	2	Long Island, NY Area
Assessment/Grand Opening Planning	1	2	Long Island, NY Area
Sub-Totals	14	10	
TOTAL	24		

Level 2: Operator/Management Training Program

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction/Overview	1	0	Long Island, NY Area
Marketing/Advertising	2	2	Long Island, NY Area
Our Offering/Menu/Packaging and Presentation to Guests	4	4	Long Island, NY Area
Personnel/Building A Team/Leadership	2	6	Long Island, NY Area
Daily Operations/Opening and Closing/Guest Standards	6	54	Long Island, NY Area

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Operations Management/Suppliers/Inventory	2	8	Long Island, NY Area
Safety and Security/Equipment Maintenance/Food Handling	2	6	Long Island, NY Area
Finance/POS/Banking/Cash Handling and Management Reporting	2	2	Long Island, NY Area
Assessment/Review of Operations and Management/ Grand Opening Planning and On-Site Training	1	4	Long Island, NY Area
Sub-Totals	22	86	
Total	108		

Franchisee is required to be present for both training sessions. General Manager is required to be present for Operations training sessions.

In addition, one (1) week of support will be conducted in the Franchisee's restaurant location including and through the Soft Opening of the restaurant. At that time, we will assess back of house, planning, organization, menu preparation, daily operations (open to close), service standards and the overall guest experience. Franchisee may elect to add a second week of on-site support at their own cost.

We will conduct a final assessment and review Grand Opening Schedule. We reserve the right to delay opening or to require additional training, until the restaurant has a fully trained team and is compliant with operational and brand standards.

If you require more on-site assistance, you will be charged \$500 per trainer, per day plus travel and other expenses incurred. We will train you (or your operating Principal) on day-to-day management and operations and up to one other individual as part of your initial fee. Additional people may be trained at a rate of \$500 per person, per day. Attendees must pay for their own travel and living expenses.

The Operations Manual is the basis of our pre-opening training program in addition to hands on training in "classroom" and field settings.

We provide our training on an "as-needed" basis. We may change our training program at any time at our discretion. If you do not complete our Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory

training programs that we offer and/or an annual conference or national business meeting for up to a total of five (5) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. There is no charge for the Pre-Opening Training Program, however you are responsible for the travel and living expenses of you and your attendees.

ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) Bagel Boss outlet within a territory (the "Territory"). You are required to establish your location within your territory. The Protected Territory will be based on a particular area with either a 3-mile radius or 50,000 population, whichever is smaller. Territory size may be impacted by natural boundaries (rivers, lakes, mountain ranges etc.) surrounding your Bagel Boss location. The Protected Territory will be described in Attachment 3 to the Franchise Agreement prior to the purchase of a franchise, or in some cases, prior to the execution of a lease agreement. A franchisee's protected territory is defined on an individual basis and is based on various demographic data which may include total residential population, median home value and median household income and will be further defined by political boundaries, Zip Codes, natural boundaries, competition and other factors deemed pertinent by Bagel Boss Franchising LLC. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area list as Attachment 3.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Bagel Boss outlet or grant the right to anyone else to open a Bagel Boss outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below. There is no minimum sales requirement, market penetration or other contingency that will affect your limited protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, within 90 days. If you do not identify a site within this time period, we may terminate the Franchise Agreement.

We may, but have no obligation to, consider granting to you the right to establish additional Bagel Boss outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Bagel Boss outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Bagel Boss outlets

outside of the Territory and may operate other kinds of businesses within the Territory without compensation to you. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Bagel Boss outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as the Internet and other non-traditional retail locations (“Alternative Distribution Channels”). These non-traditional locations include sports arenas, train stations, airports, seasonal or “pop-up” stores and mall kiosks. You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Bagel Boss products or services through Alternate Distribution Channels.

During the term of your agreement, you may service customers from outside of your territory only if requested by the customer. You are not allowed to solicit customers located in another Franchisee’s territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

ITEM 13: TRADEMARKS

Bagel Boss IP LLC a Florida Limited Liability Company located at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146 (“Licensor”) is the owner of the Marks and has granted us the right to use the Marks and license to others the right to use the Marks in the operation of a Bagel Boss outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Bagel Boss service mark, as described below (“Principal Mark”) Licensor has filed an application for registration of the following Mark(s) on the Principal Register of the United States Patent and Trademark Office.

Mark	Registration Number	Registration Date	Register
Bagel Boss	3034238	December 27, 2005	Principal
Flagel	3818001	July 13, 2010	Principal

Licensor has filed all affidavits and other documents, and intends to continue to file all affidavits and other documents, required to renew and maintain their interest in and to the Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We claim copyrights in all artwork and designs used by the System.

We also claim copyrights and proprietary rights on our designs, advertisements, promotional materials and other written materials and the contents of our Manual and website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email

design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 7).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise your Franchised Business. However, if you develop more than one location, you may appoint a Manager that is actively involved in overseeing the business. Your Manager must successfully complete our Initial Training Program and all other training courses we require. In addition, we must approve your Manager. Your Manager is not required to have an equity interest in the franchisee entity. If you replace your Manager, the new Manager must complete our Initial Training Program to our satisfaction.

Your Manager and any other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 7. All owners, partners and spouses of the Franchisee must sign the Personal Guaranty and Non-Disclosure/Non-Competition Agreement.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all services and products that are part of the System, and all services and products that we incorporate into the System in the future. You may only offer services and products that we have previously approved.

You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with our affiliates, or us or with Bagel Boss outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe in our Operations Manual. You must purchase See Item 12 for restrictions on sales within and outside the Territory.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal or extension of the Term	Sections 5.1 and 5.4	If you are in good standing as defined below, you can sign a successor agreement for an additional term of 10 years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a successor agreement fee of eighteen percent (18%) of the then current franchise fee; continue to maintain your location, current trade dress and other standards; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.

	Provision	Section in Franchise Agreement	Summary
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not open the Franchised Business within required time frames; falsify any report to us; cease operations for 5 days or more; fail to restore and re-open the Franchised Business within 120 days after a casualty; fail to comply with any section of the Operations Manual; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to
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	Provision	Section in Franchise Agreement	Summary
			comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive three (3) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Bagel Boss franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages, sell to us, at our option, any furnishings, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, software and social media accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.

	Provision	Section in Franchise Agreement	Summary
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee		No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 4 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 1 year following the transfer; our approval of the material terms and conditions of the transfer; and payment of a transfer fee equal to 75% of the then-current initial franchise fee or \$25,000 for transfer to an existing franchisee in good standing, or \$3,500 for transfer to an entity owned and controlled by the franchisee for convenience purposes or \$2,500 for a transfer to a spouse, parent or child upon death or permanent disability.

	Provision	Section in Franchise Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, furniture, fixtures, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Bagel Boss outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.

	Provision	Section in Franchise Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Bagel Boss outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your former Bagel Boss outlet location or any other Bagel Boss outlet location (franchised or company owned), do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 22.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	Other than claims related to injunctive relief or the Lanham Act, claims that are not resolved internally must be submitted to non-binding mediation only at our headquarters located in Coral Gables, Florida prior to any other action being taken.
v.	Choice of forum	Section 20.3	Litigation takes place in Florida. (subject to applicable state law)
w.	Choice of law	Section 20.3	Florida law applies. (subject to applicable state law)

THE FRANCHISE RELATIONSHIP

(UNDER THE MULTI-UNIT DEVELOPMENT AGREEMENT)

This table lists certain important provisions of the multi-unit development agreement. You should read these provisions in the agreement attached to this disclosure document.

	Provision	Section in Multi-Unit Development Agreement	Summary
a.	Length of the franchise term	Art. 4	As determined by you and us based on the number of Bagel Boss outlets you are to develop.
b.	Renewal or extension of the Term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 6.6	The Multi-Unit Development Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Development Rights are transferred within 6 months to a replacement developer that we approve.
f.	Termination by franchisor with cause	Article 7	We may terminate only if you default. The Multi-Unit Development Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 7.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Multi-Unit Development Agreement and described in h. immediately below).

h.	"Cause" defined - non-curable defaults	Sections 7.1 and 7.2	The Multi-Unit Development Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Multi-Unit Development Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Development Rights; falsify any report to us; fail to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of your Bagel Boss outlets, including, but not limited to, the failure to pay taxes; fail to develop the Bagel Boss outlets in accordance with the Mandatory Development Schedule; attempt a transfer in violation of the Franchise Agreement; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; fail to comply with non-competition covenants; default, or your affiliate defaults, under any other agreement, including any Franchise Agreement, with us or any of our affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or terminate the Multi-Unit Development Agreement without cause.
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	Provision	Section in Multi-Unit Development Agreement	Summary
i.	Franchisee's obligations on termination/ non-renewal	Section 7.4	Upon termination, you must: cease all development operations and comply with the non-disclosure and non-competition covenants.
j.	Assignment of contract by franchisor	Section 6.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 6.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Multi-Unit Development Agreement or Development Rights.
l.	Franchisor approval of transfer by franchisee	Sections 6.2, 6.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying developers; you have paid us all amounts owed; transferee signs our then-current form of Multi-Unit Development Agreement, which may have materially different terms from your Multi-Unit Development Agreement; you and the transferee sign a General Release in the form of Attachment 4 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; our approval of the material terms and conditions of the transfer; payment of a transfer fee equal to 75% of the then current franchise fee or \$25,000 for transfer to an existing developer or franchisee in good standing, or \$3,500 for transfers among owners or \$2,500 for a transfer to a spouse, parent or child upon death or permanent disability.

	Provision	Section in Multi-Unit Development Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 6.5	You must promptly notify us of any written offer to purchase your Development Rights. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Section 6.6	The Multi-Unit Development Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Development Rights are transferred within 6 months to a replacement developer that we approve.
q.	Non-competition covenants during the term of the franchise	Section 8.3.1	You may not: divert, or attempt to divert, customers of any Bagel Boss outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.

	Provision	Section in Multi-Unit Development Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 8.3.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Bagel Boss outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within ten (10) miles of your former Bagel Boss outlet location or any other Bagel Boss outlet location (franchised or company owned); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section 12.4	No oral modifications. No amendment of the provisions will be binding upon either party unless the amendment has been made in writing and executed by all interested parties.
t.	Integration/merger clause	Section 12.4	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of Multi-Unit Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Multi-Unit Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 10.1, 10.2, 10.3, and 10.4	Claims that are not resolved internally must be submitted to non-binding mediation at our headquarters, excluding claims related to injunctive relief, anti-trust, the trademarks, and post-termination obligations prior to taking any other action. Subject to state law.
v.	Choice of forum	Section 10.5	Florida, subject to applicable state law.

	Provision	Section in Multi-Unit Development Agreement	Summary
w.	Choice of law	Section 10.5	Florida law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, 2022 there were thirteen (13) Bagel Boss Stores open and operating. Twelve (12) of these Stores are representative and are included in this disclosure (each, a "Representative Store" and collectively, the "Representative Stores").

Store Identification	In Operation Since
Representative Store A	2010
Representative Store B	1998
Representative Store C	2005
Representative Store D	2009
Representative Store E	2013
Representative Store F	1990
Representative Store G	1995
Representative Store H	1999
Representative Store I	1997
Representative Store J	1996
Representative Store K	1976
Representative Store L	1982
Representative Store M	2022
Representative Store N	2021

The reasonable basis for inclusion of this Financial Performance Representation is the Representative Stores are similar to the Franchise being offered under this Disclosure

Document in terms of square footage, operations, computer system, and Product offerings. The operational characteristics that make the Representative Stores different are that they do not pay any Royalty Fees or Brand Fund Contributions to us, expend the same minimum amount on local advertising and are not subject to the same territorial advertising or service restrictions. Neither we or any of our affiliates own or operate any Representative Stores as of the Issue Date of this Disclosure Document.

One (1) of the Bagel Boss Stores which was open and operating as of the Issue Date of this Disclosure Document is not representative and is excluded from this disclosure (“Non Representative Store”).

The Non Representative Store has been in operation since 2019. This store observes the Jewish Sabbath which begins at dusk on Friday and ends after sunset on Saturday. This this store is only open 5 1/2 days each week and is a Non Representative Store, excluded from this disclosure because its operating hours are shortened.

This Item 19 sets forth certain historical information for the Representative Stores for the period of time beginning on January 1, 2022 and ending on December 31, 2022 (the “Measurement Period”). The gross sales information and expense information set forth in this Item 19 is derived from reporting received by us from the licensee owners of the Representative Stores. This information has not been audited.

Representative Store “M” opened in 2022. Since it was not open for a full year of 2022, it has been excluded from the tables below.

PART I

Part I of this Item 19 sets forth certain historical performance information for the Representative Stores for the Measurement Period. Table I sets forth the historical gross sales, food/paper costs, payroll costs and gross margin for each of the Representative Stores for the Measurement Period.

Table 1	Total Sales	Gross	Total food/Paper Cost	Payroll Cost	Gross Margin	Percentage of Sales
Store A	\$ 1,525,869		\$ 515,506	\$ 489,967	\$ 520,396	33.78%
Store B	\$ 1,538,624		\$ 497,744	\$ 440,046	\$ 600,834	32.35%
Store C	\$ 3,319,276		\$ 1,135,192	\$ 1,027,315	\$ 1,156,769	34.20%
Store D	\$ 1,056,510		\$ 355,652	\$ 308,624	\$ 392,234	33.66%
Store E	\$ 1,334,000		\$ 475,000	\$ 335,000	\$ 524,000	35.61%
Store F	\$ 2,699,837		\$ 994,893	\$ 932,797	\$ 772,147	36.85%
Store G	\$ 1,319,837		\$ 457,323	\$ 380,773	\$ 481,741	34.65%
Store H	\$ 2,822,377		\$ 978,235	\$ 885,661	\$ 958,481	34.66%
Store J	\$ 1,473,247		\$ 506,060	\$ 470,702	\$ 496,485	34.35%
Store K	\$ 4,300,000		\$ 1,677,000	\$ 1,591,000	\$ 1,032,000	39.00%
Store L	\$ 2,500,000		\$ 870,529	\$ 824,342	\$ 805,129	34.82%
Store N	\$ 1,251,330		\$ 478,539	\$ 396,437	\$ 376,354	38.24%

Average	\$ 2,095,076	\$ 745,139	\$ 673,555	\$ 676,381	
		35.57%	32.15%	32.28%	
Franchise cost not included					
Royalty				\$ 94,278	4.50%
Brand Fund				\$ 20,951	1.00%
Gross Margin as a Franchise				\$ 561,152	26.78%

Table II sets forth the Average, High, Low and Median historical information for the Representative Stores detailed in Table I for the Measurement Period.

TABLE II				
	Total Gross Sales	Total Food/Paper Costs	Payroll Costs	Gross Margin
Average	\$1,825,052	\$692,746	\$518,995	\$613,310
Highest	\$3,850,545	\$1,370,733	\$1,122,077	\$1,357,735
Lowest	\$949,632	\$289,962	\$280,195	\$283,474
Median	\$1,341,506	\$548,605	\$369,778	\$598,975

Notes to Table I and Table II:

1. “Gross Sales” means the total selling price of all services and Products, other products and all revenue and income of any kind relating to Representative Stores including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by it, proceeds as a result of any business interruption insurance policy; all income from off-site events and catering or delivery services including delivery fees; income from private parties, and all proceeds from all coin and card operated devices, including but not limited to amusement devices and vending machines, all regardless of whether such sale is at the Representative Store or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority; and (ii) gratuities and tips paid to employees. Gross Sales also include the fair market value of any services or products received by you in barter or exchange for your services and Products, other products and payments on credit (whether or not you received payment). No deductions are taken for credit card collection fees or for uncollected or uncollectible credit accounts,

employee discounts, delivery service fees or in respect of any other matter except as specifically stated. The retail value of all Products and other products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers is included in Gross Sales.

2. "Food/Paper Costs" means the cost of all ingredients used in the production of the Products and the paper products used to serve/deliver the Products sold at each of the Representative Stores.

3. "Payroll" includes all wages paid to employees for each of the Representative Stores. It does not include any owner compensation. Employees in this category include crew members, general managers and shift managers. If you plan fill one of these roles yourself, your actual cost may be lower.

4. "Gross Margin" is the sum of Total Gross Sales minus Food/Paper Costs and Payroll Costs.

5. The financial performance representations include a calculation of the fees a franchisee would pay to us if its Store generated the same Gross Sales over the Measurement Period.

PART II

During 2020, the nation was stricken by a global pandemic COVID-19. In an attempt to slow the spread of COVID-19, the governor of New York as well as the Mayor of New York City, where the Representative Stores are located enacted business and personal restrictions which impacted the results of the Representative Stores performance during 2020.

Part II of this Item 19 sets forth sales data regarding the historical gross sales information for the Representative Stores in 2020, demonstrating the impact of the government imposed restrictions. The impact of restrictions on the results of the Representative Stores was not universal. Of the Representative Stores that experienced revenue decreases in 2020, the magnitude of decreases was the greatest in Manhattan, where restrictions were the most restrictive.

In general, the location and demographics around each Representative Store is what determined the magnitude of impact.

The two Representative Stores located in Manhattan experienced the largest revenue decline because of the restrictions. The Mayor of New York City imposed much more limiting restrictions in Manhattan because of the very high density and mobility of daytime population. Many businesses with offices located in Manhattan enabled remote working for their employees. This significantly decreased the daytime population and foot traffic in Manhattan, even as restrictions began to be relaxed. Catering volume to business offices decreased dramatically as well, since fewer meetings and functions were held in offices.

Stores outside of Manhattan with a mix of residential and business daytime population experienced smaller revenue decreases. We attribute this to the fact that during the restrictions much of the population of the area was working from their homes rather than commuting to offices and more college students were residing at home rather than on college campuses. This increase in the daytime population around these stores partially offset the local impacts as described above

Table III on the following page sets forth the Gross Sales for the Representative Stores detailed in Table I for the year 2022 compared to 2021 and 2021 compared to the year 2020 during the government-imposed business restrictions. We have grouped these results as described immediately above.

Table III	Total Gross Sales 2022	Total Gross Sales 2021	Percent Increase/Decrease 2022 vs 2021	Total Gross Sales 2020	Percent Increase/Decrease 2021 vs 2020
Manhattan Stores					
Store D	\$ 1,056,510.00	\$ 949,632.00	11.3%	\$ 1,142,213.00	-16.9%
Store E	\$ 1,334,000.00	\$ 996,822.00	33.8%	\$ 702,350.00	41.9%
Store N	\$ 1,251,330.00	\$ -	0.0%	\$ -	0.0%
Average 3 Manhatta	\$ 1,213,946.67	\$ 648,818.00	87.1%	\$ 922,282.00	-29.7%
Metropolitan New York Stores Outside of Manhattan					
Store A	\$ 1,525,869.00	\$ 1,327,135.00	15.0%	\$ 1,209,699.00	9.7%
Store B	\$ 1,538,624.00	\$ 1,355,876.00	13.5%	\$ 1,429,886.00	-5.2%
Store C	\$ 3,319,276.00	\$ 2,996,881.00	10.8%	\$ 2,670,819.00	12.2%
Store F	\$ 2,699,837.00	\$ 2,400,896.00	12.5%	\$ 1,603,812.00	49.7%
Store G	\$ 1,319,837.00	\$ 1,309,548.00	0.8%	\$ 955,029.00	37.1%
Store H	\$ 2,822,377.00	\$ 2,630,997.00	7.3%	\$ 1,468,191.00	79.2%
Store J	\$ 1,473,247.00	\$ 1,265,513.00	16.4%	\$ 1,173,646.00	7.8%
Store K	\$ 4,300,000.00	\$ 3,850,545.00	11.7%	\$ 3,190,090.00	20.7%
Store L	\$ 2,500,000.00	\$ 1,817,522.00	37.5%	\$ 2,036,378.00	-10.7%
Average of 9 Stores	\$ 2,306,229.44	\$ 2,106,101.44	9.5%	\$ 1,748,616.67	20.4%
Average of 12 Representative Stores	\$ 2,054,164.19	\$ 1,741,780.58	17.9%	\$ 1,465,176.08	18.9%

General Notes to Item 19.

1. We recommend that you make your own independent investigation to determine whether or not the Franchise may be profitable to you. You should use the above information as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements.

2. Written substantiation of the data used in preparing these tables will be made available to you upon reasonable request. The information presented above has not been audited.

Other than the preceding Financial Performance Representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Andrew Hazen our CEO, at franchises@bagelboss.com, the Federal Trade Commission, or the appropriate state regulatory agencies.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	11	11	0
	2021	11	10	-1
	2022	10	12	+2
Company – Owned	2020	0	0	0
	2021	0	0	0
	2022	0	1	+1
Total Outlets*	2020	11	11	0
	2021	11	10	-1
	2022	10	13	+3

* There are two additional Bagel Boss locations in New York state owned by family members operating on a verbal agreement.

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3

Status of Franchised Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations -	Column 9 Outlets at End
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		Outlets at Start of Year					Other Reasons	of the Year
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New York	2020	11	0	0	0	0	0	11
	2021	11	0	1	0	0	0	10
	2022	11	1	0	0	0	0	11
Total	2020	11	0	0	0	0	0	11
	2021	11	0	1	0	0	0	10
	2022	10	2	0	0	0	0	12

Table No. 4

Status of Company Owned Outlets
For Years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Outlets Reacquire d from Franchise es	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchise es	Col. 8 Outlets at End of the Year
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1

Table No. 5

Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
California	3	0	0
New York	2	0	0
Florida	6	0	0
Total	11	0	0

No franchisee has signed confidentiality clauses during the last three years.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit F lists the location of each Bagel Boss® location in our System.

Every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the

most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, will be listed on Exhibit F when applicable.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statement dated December 31, 2020, December 31, 2021 and December 31, 2022 are included in Exhibit D. Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B and C. These include our Franchise and Multi Unit Agreement and all exhibits to it (Marks, Territory Description, General Release, Statement of Ownership Interests in Franchisee, Spousal Guaranty, and Confidentiality and Non-Compete Agreement, ACH Withdrawal Authorization and Lease Addendum).

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit I. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Adam Todd Rosner, 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

BAGEL BOSS FRANCHISING LLC

FRANCHISE AGREEMENT

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ATTACHMENTS

ATTACHMENT 2: TRADEMARKS

ATTACHMENT 3: TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION

ATTACHMENT 4: GENERAL RELEASE

ATTACHMENT 5: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

ATTACHMENT 6: GUARANTY

ATTACHMENT 7: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

ATTACHMENT 8: AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

ATTACHMENT 9: COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

ATTACHMENT 10: INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT
AGREEMENT

BAGEL BOSS FRANCHISING LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of _____, (the “Effective Date”) by and between Bagel Boss Franchising LLC, a Florida Limited Liability Company with its principal place of business at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146 (herein “Franchisor”) and _____, a(n) _____, with its principal place of business located at _____ and _____’s principals _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a unique and distinctive system that provides the finest New York bagels, bialys and bakery items using Franchisor’s designs, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive trade dress, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”). Training will occur at Franchisor’s Long Island, NY area location or other location we specify and will be provided consistent with Franchisor’s training manuals.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks Bagel Boss® service mark, as set forth in Attachment 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE.

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Bagel Boss franchise (the “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Attachment 3 attached hereto and incorporated herein (the “Territory”).

3. TERRITORY

- 3.1. Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. Franchisor agrees that Franchisor will not, and Franchisor will not permit any other of our franchisees, to operate a franchised Bagel Boss location in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Bagel Boss franchises around, bordering and adjacent to the Territory. Franchisee will be selling its products and services from a retail outlet located within the territory. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.
- 3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other concepts under the Marks or other trademarks, including licensing Franchisor’s designs for use in other formats and (iii) products or services through any channel in the Territory other than a dedicated Bagel Boss location, such as the Internet or other non-traditional retail locations. These non-traditional locations include sports arenas, train stations, airports, seasonal or “pop-up” stores and mall kiosks (“Alternate Distribution Channels”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisor also reserves the right to acquire, be acquired by or merge with another company. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

4. TERM.

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set

forth above and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the “Term”).

5. SUCCESSOR OPTIONS.

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the “Successor Franchise Agreement”) for up to one (1) additional term equal to ten (10) years each. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor fee of an amount equal to eighteen percent (18%) of the then current franchise fee (“Successor Fee”).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee’s option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor’s then current Disclosure Document (including Franchisor’s then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor’s then current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee’s option to enter into the Renewal Franchise Agreement, and such failure shall cause Franchisee’s right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee’s investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee’s right to enter into a Successor Franchise Agreement is conditioned upon the following:

- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
 - 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.
 - 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
 - 5.2.4 Franchisee shall have completed any required updates to the Franchised Business location in order to meet system standards.
 - 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Bagel Boss Franchising LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 4. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
 - 5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business, equipment, and trade dress to conform to the plans and specifications being used for new franchised businesses on the renewal date.
 - 5.2.7 Franchisee shall pay the required Successor Fee and sign the Successor Franchise Agreement.
- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Bagel Boss franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Renewal Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate renewal term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Renewal Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

- 5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from a marketing area or the Territory in which Franchisee's Franchised Business is located.

6. FEES

- 6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Thirty Five Thousand Dollars (\$35,000.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a royalty fee equal to four and a half percent (4.5%) of the Gross Revenue per week, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). If franchisee closes for any reason, franchisee is still responsible for daily royalty fees based upon a yearly average.

The term "Gross Revenue" includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Revenue). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amounts of purchases made by gift card. At Franchisor's option, Franchisee shall submit, or grant Franchisor access to, the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.3 Gross Revenue Reports. Franchisee shall, each Tuesday for the previous week, furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor has

established a point of sale system (“POS System”) that Franchisor requires Franchisee to use in the operation of the Franchised Business. At Franchisor’s option, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.4 Method of Payment. Franchisee shall, each Tuesday at the same time they submit their Gross Revenue Reports for the week prior, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor’s request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee’s failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.

- 6.2. **Late Fee.** If the Royalty Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars (\$75.00). This late fee is reasonably related to Franchisor’s costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee’s failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.
- 6.3. **Interest.** Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 1.5% per month or at the highest rate permitted by law, whichever is lower.
- 6.4. **Non-Sufficient Funds Fee.** In the event any of Franchisee’s checks are returned, or an electronic funds transfer from Franchisee’s bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor’s costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. **Taxes.** If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.6. **Internal Systems Fee.** Franchisor reserves the right to impose an internal systems fee upon Franchisee, in an amount that Franchisor reasonably determines, currently \$650 per month, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or

communications systems (“Internal Systems Fee”). In Franchisor’s sole discretion, Franchisor may (i) increase the amount of the internal systems fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Internal Systems Fee in the manner and frequency as reasonably determined by Franchisor.”

- 6.7. Non-Compliance Fee. In the event Franchisee is not in compliance with any terms of this Agreement or the Manual, Franchisee shall pay to Franchisor a non-compliance fee equal to Three Hundred Dollars (\$300) per incident per day (“Non-Compliance Fee”).

7. TRAINING.

- 7.1 Initial Training Program. Franchisee (specifically including all Franchisee’s principals) shall attend and complete to Franchisor’s sole and absolute satisfaction, Franchisor’s initial training program (“Initial Training Program”) at least two (2) weeks prior to the opening of the Franchised Business. The Initial Training Program consists of an approximately three (3) week course conducted at the Franchisor’s designated location, or virtually. This is followed by another week at the Franchisee’s location during the opening of the business. Franchisor reserves the right to designate an alternate location for the course component of the Initial Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor’s sole and complete satisfaction. No charge shall be made for up to three (3) people to take the Initial Training Program prior to opening the Franchised Business (“Initial Trainees”) including Franchisee’s principal. Franchisee can have additional employees trained at a cost of Five Hundred Dollars (\$500) per person, per day. Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor’s sole discretion, whether the Franchisee has satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the franchisee, or if Franchisor, in Franchisor’s reasonable business judgment based upon the performance of the Initial Trainees, determines that Franchisee and Franchisee’s Principal(s) cannot satisfactorily complete the Initial Training Program, Franchisor may terminate this Agreement.
- 7.3. Opening Assistance. As detailed above in section 7.1, within thirty (30) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to one week at no charge to Franchisee.

- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

(i) on-going training at a location designated by Franchisor.

(ii) a national business meeting or annual convention at a location designated by Franchisor. If Franchisor holds an annual convention or meeting, Franchisee's attendance and payment of a Conference Fee up to Two Thousand Dollars (\$2,000) is mandatory.

The total amount of required on-going training and/or annual meetings will be five (5) days or less per year. Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

- 7.5. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees (currently \$350 per trainer, per day) under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

- 7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, fax, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

8. FRANCHISED LOCATION REQUIREMENTS

8.1 Site Selection.

- 8.1.1. Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a location for the Franchised Business within the Territory. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business. Franchisor shall review the lease for Franchisor required terms only. Franchisor does not guarantee the success of any location.
- 8.1.2. Franchisee shall select a site located within Franchisee's territory. Site location should have between 2,400 and 3,200 square feet of useable space.
- 8.1.3. After a location for the Franchised Business is consented to by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be set forth on Attachment 3 of this Agreement, which location and attachment shall be incorporated herein and made a part hereof. We will approve your location within ten (10) business days. If we cannot agree on a location it will be considered an event of default under the Franchise Agreement.

- 8.2. Construction. Franchisee shall be responsible for equipping and outfitting their Bagel Boss location as outlined in the Operations Manual. Franchisor will provide sample layout and specs and will provide advice on the build-out.

- 8.3. Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within one hundred eighty to two hundred and forty (240-365) days after Franchisee has signed the Franchise Agreement, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all work for the Franchised Business location, including installation of equipment and signage, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Training Program, as further set forth in Article 7, (iii) hire and train staff as required in the Operations Manual and (iv) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. If you have not opened your Franchised Business within twelve (12) months after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time or as extended, is a default of the Franchise Agreement.

- 8.4. No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the location set forth in Attachment 3 and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor's written approval, which approval

shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense, and subject to the following:

- 8.4.1. Franchisee shall pay to Franchisor a relocation fee equal to costs and expenses;
- 8.4.2. Franchisee shall construct and develop the new premises to conform to Franchisor's then-current specifications for design, appearance and improvements for new Franchised Businesses;
- 8.4.3. Franchisee shall remove any signs or other property from the original Franchised Business location that identified the original Franchise Business location as part of the System;
- 8.4.4. The parties shall amend Attachment 3 to reflect the address of the new Franchised Business location.
- 8.4.5. If a relocation site acceptable to Franchisor is not identified within ninety (90) days following Franchisee's request to relocate, either party may terminate this Agreement.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED BUSINESS AND SYSTEM

- 9.1. Maintenance of Franchised Business. Franchisee shall equip and maintain the Franchised Business location to the standards of trade dress, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs, replacement or updating of the décor, equipment or signage as Franchisor may direct.
- 9.2. Inspections. Franchisee shall operate and maintain the Franchised Business location in conformance with best practices for safety, in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory (should such an inspection be required). Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs, sanitation and safety required by the System, and Franchisor may, at its option, terminate this Agreement.
- 9.3. Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, office or equipment, management software, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.
- 9.4. Trade Dress Modifications.

- 9.4.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new designs, new color schemes, new or modified marks, and new signage (collectively, “Trade Dress Modifications”).
- 9.4.2. As a condition to renew this Agreement, Franchisee shall refurbish the Franchised Business at Franchisee’s sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.
- 9.4.3. Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.
- 9.5. No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.
- 9.6. Franchisee Advisory Council. Franchisor reserves the right to create (and if created the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee’s level of success, superior performance and profitability.

10. FRANCHISOR’S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

- 10.1. Territory Selection. Territory selection criteria, as Franchisor may deem advisable. Franchisor shall approve the location in accordance with Section 8.1.2.

- 10.2. Construction. Provide to Franchisee criteria and specifications for a Bagel Boss retail outlet modification. Such criteria and specifications include, but are not necessarily limited to, signage, color, décor, layout and equipment modifications to your location.
- 10.3. Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4. Inspection. Inspection of the Franchised Business and evaluations of the products sold, and services rendered therein whenever reasonably determined by Franchisor.
- 10.5. Pre-Opening Requirements. Provide a written list of equipment, fixtures, signage, supplies and/or products that will be required and/or recommended to open the Franchised Business for business.
- 10.6. Advertising Materials. Provide samples or camera-ready artwork of certain advertising and promotional material, and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.7. List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.
- 10.8. Training. The training programs specified in Article 7 herein.
- 10.9. On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.
- 10.10. Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

- 11.1. Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales. This includes maintaining the required operating hours of your Franchised Business as outlined in the Operations Manual.
- 11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
- 11.2.1. Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2. Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3. Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

11.2.5. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, un-liquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and

11.2.6. If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 6 hereof. Franchisee and their spouse shall be jointly and severally liable for the obligations under the Guaranty.

11.3. Franchisee's Employees and Managers.

11.3.1. Franchisee shall personally supervise the operation of the Franchised Business or may appoint a Manager of the Franchised Business location. Franchisor must approve the designated Manager and the Manager must complete the initial training program prior to managing the Franchised Business. Franchisee accepts full responsibility for and shall be fully liable to Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further:

- 11.3.1.1. Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual, including presenting a neat and clean appearance at all times.
- 11.3.1.2. Not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.
- 11.3.1.3. Satisfy the training requirements set forth in Article 7.
- 11.3.2. Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employee's working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or scheduled work, rate of pay, benefits, work assigned, discipline, response to grievances and complaints, or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, pay-checks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.
- 11.3.3. Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.
- 11.3.4. If Franchisee's Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim management support fee until such General Manager is properly trained or certified in accordance with Franchisor's requirements. Such interim management support fee shall be equal to Twenty Percent (20%) of Gross Sales per day, plus any and all costs of travel, lodging, meals, and other expenses reasonably incurred

by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.3.5 Franchisee must operate the Restaurant for at least those months, days and hours that Franchisor specifies in the Operations Manuals or otherwise in writing.

11.4. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction. Franchisee shall further comply with all industry best practices with respect to the safe operation of a fast casual restaurant and the services provided therein.

11.5. Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.6. Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.7. Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact

with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

- 11.8. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OPERATIONS

- 12.1. Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Operations Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

- 12.1.1. Use only those fixtures, trade dress, equipment, supplies, and signage that conform to Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;
- 12.1.2. Maintain and operate the Franchised Business in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;
- 12.1.3. Procure the necessary licenses or permits, and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;
- 12.1.4. Maintain sufficient inventories of merchandise and supplies, as prescribed by Franchisor;
- 12.1.5. Conduct sales in accordance with Franchisor's standards and specification. If a Franchisee fails to satisfy a customer and Franchisor is required to issue a refund, Franchisee is responsible for reimbursing Franchisor for all costs associated with that refund;
- 12.1.6. Employ only qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential

and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the Franchisor. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to customers of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees or sloppy and unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a **material default** of this Agreement;

12.1.7. Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.8. Prominently display signs in and upon the Franchised Business using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Business or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.9. Conduct all advertising programs in a manner consistent with Franchisor's standards and specification, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

- 12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.
- 12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.
- 12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds any Gross Revenue Report understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.
- 12.2.6. Franchisor may require Franchisee to use a third-party payroll processor as outlined in the Operations Manual.

12.3. Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on

Franchisee's POS System, other computer systems and web-based payment processing accounts.

- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System. Current POS system is ePAT. You are required to use the ePAT POS system under our account.
- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the products and services offered by the Bagel Boss System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.
- 12.3.7. In addition to the requirements of Section 6.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees.
- 12.4. Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof

shall apply to any claims made against Franchisor regarding safety or security.

- 12.5. Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.
- 12.6. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee for costs and expenses for inspection and testing, which may be refunded if the product or supplier is approved. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.7. External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.8. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

- 12.9 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance on or into private property if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless, or careless behavior, or a conviction for any crime reasonably related to the prospective employee's employment.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

- 13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2. Local Advertising.

- 13.2.1. During the term of the agreement, Franchisee shall spend a minimum of one percent (1%) of gross revenue per month on local advertising and marketing. During the Grand Opening period, approximately two weeks prior to opening and four weeks after opening Franchisee shall spend an additional six to nine thousand dollars (\$6,000-\$9,000) on Grand Opening marketing activities as outlined in the Operations Manual or directed by the Franchisor. Franchisor reserves the right to collect some or all of Franchisee's Local Advertising and/or Grand Opening Funds expenditure and implement Local Advertising on Franchisee's behalf.

- 13.2.2. Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditure for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.3. Brand Development Fund.

- 13.3.1. Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the "Brand Fund"). Franchisee is

required to contribute an amount equal to one percent (1%) of the Gross Revenue generated monthly by Franchisee's Franchised Business to the Brand Development Fund ("Brand Fund Contribution"). Franchisor reserves the right, in Franchisor's sole discretion and at any time and from time to time, to increase the amount of the Brand Fund Contribution to two percent (2%) of the Gross Revenue generated monthly. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

- 13.3.2. Franchisor shall have the right to direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Bagel Boss outlets operated by Franchisor or Franchisor's affiliates.
- 13.3.4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel, salary and other departmental costs for advertising that Franchisor internally administers or prepares).
- 13.3.5. The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- 13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to

ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute up to one half of the Local Advertising spending requirement to the cooperative. Each franchised location will count as one vote in any cooperative, and the amount contributed can be changed by majority vote.

13.5. Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, Instagram, TikTok or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within fourteen (14) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within fourteen (14) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Bagel Boss brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Bagel Boss IP LLC (“Licensor”) is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, project designs, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor’s trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the “Intellectual Property”.

14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor or Licensor’s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor’s or Licensor’s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee’s use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the Intellectual Property.

14.4. Validity. Franchisee shall not contest the validity of, or Franchisor or Licensor’s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor or Licensor’s interest in, the Intellectual Property.

14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor or Licensor’s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

- 14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7. Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
- 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Bagel Boss" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name.
- 14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Bagel Boss franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.
- 14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.
- 14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.
- 14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and

reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

- 14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.
- 14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

15. INSURANCE AND INDEMNIFICATION

- 15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds and certificate holders, as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. Liability. Comprehensive general liability insurance, including, public liability, personal injury, errors and omissions, and personal advertising injury in the amount of at least One Million Dollars (\$1,000,000) per occurrence, general aggregate of Two Million Dollars (\$2,000,000), products liability of Two Million Dollars (\$2,000,000);

15.1.2. Workplace Injury. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated, but not less than Ten Thousand Dollars (\$10,000);

15.1.3. Automobile. Coverage for all owned, leased, non-owned and hired vehicles used in the Franchised Business in an amount of not less than Five Hundred Thousand Dollars (\$500,000) per occurrence or higher if required by state law. Such insurance shall include under-insured and uninsured motorist coverage as required by state law.

15.1.4. Property Damage. Coverage to personal property contained inside and outside the Franchised Business location. Amount will vary but minimum should be Fifty Thousand Dollars (\$50,000) or the full replacement value of leasehold improvements, equipment and inventory.

- 15.1.5. Business Interruption Coverage. Insurance in an amount to recover the greater of One Hundred Thousand Dollars (\$100,000) or lost income for up to six months in the event the Franchised Business is unable to operate.
- 15.1.6 Employee Practice/Abuse and Dishonesty, Electronic Theft. Coverage for employee practices/ abuse and dishonesty; electronic equipment and data damage or loss of at least Ten Thousand Dollars (\$10,000); and identify theft coverage of at least Two Thousand Five Hundred Dollars (\$2,500) each for loss and for expenses
- 15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverage. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements, as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.
- 15.6. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BAGEL BOSS FRANCHISING LLC, BAGEL BOSS HOLDINGS LLC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS THE "BAGEL BOSS INDEMNITEES") AS WELL AS BAGEL BOSS INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES,

FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S BAGEL BOSS FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE BAGEL BOSS INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL THE BAGEL BOSS INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE BAGEL BOSS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE BAGEL BOSS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE BAGEL BOSS INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE BAGEL BOSS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE BAGEL BOSS INDEMNITEES.

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16. TRANSFERS

16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain

in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Bagel Boss franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the restaurant business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1. The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

- 16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
- 16.3.3. The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;
- 16.3.4. Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;
- 16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.
- 16.4. Transfer Fee. Equal to 75% of the then-current initial franchise fee or \$25,000 for transfer to an existing franchisee in good standing, or \$3,500 for transfer to an entity owned and controlled by the franchisee for convenience purposes or \$2,500 for a transfer to a spouse, parent or child upon death or permanent disability.

16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor 's Right of First Refusal.

16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchise granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's

Principal, as the case may be, will transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at a rate of 20% of Gross Sales plus expenses, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

- 16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.
- 16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS

- 17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or

if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1. fails to equip and make operational your Franchised Business, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2. falsifies any report required to be furnished Franchisor hereunder;

17.2.3. ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the business is damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.4. loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located, or loses possession of the Franchised Business; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.4.

17.2.5. fails to restore the Franchised Business to full operation within a reasonable period time but not more than one hundred and eighty (180) days from the date the Franchised Business is rendered inoperable by any casualty;

- 17.2.6. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- 17.2.7. defaults under any lease, sublease, or purchase agreement for the real property on which the Franchised Business is located;
- 17.2.8. understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.9. fails to comply with the covenants in Article 15;
- 17.2.10. permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.11. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.12. has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.13. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.14. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- 17.2.15. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.16. creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;
- 17.2.17. refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.18. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.19. fails to comply with the non-competition covenants in Section 19.5;
- 17.2.20. defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or any renewals or has

been given at least two (2) notices of default in any consecutive twelve (12)–month period, whether or not the defaults have been corrected;

17.2.21. has insufficient funds to honor a check or electronic funds transfer three (3) or more times within any consecutive twelve (12)-month period;

17.2.22. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23. terminates this Agreement without cause.

17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)–month period, and the third such late payment in any twelve (12)–month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)–month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.

17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2. enter upon the Franchised Business and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor \$450 per day plus expenses during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5. Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorneys' fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

17.6. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

18. POST-TERMINATION

18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Bagel Boss owner, franchisee or licensee;

18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance

with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

- 18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;
 - 18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
 - 18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;
 - 18.1.7. in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average weekly Royalty Fee and Brand Fund contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.7 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement; and
 - 18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19.
- 18.2. Right to Purchase.
- 18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all

of the furnishings, equipment (including any computer systems), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2. With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail

addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

- 18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1. Operations Manual.

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) is provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2. Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all time remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or

access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2. Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration,

termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5. Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:
- 19.5.1. During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant business similar to the System; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment; or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Bagel Boss franchisees or Franchisor-affiliated outlets.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant business within twenty-five (25) miles of the Territory or any Bagel Boss location; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Bagel Boss franchisees.

19.6. Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8. Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9. No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

- 19.10. Covenants of Employees, Agents and third persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons that will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 7 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

- 20.1. Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2. Mediation. At Franchisor's or Franchisee's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation, except claims relating to the Lanham Act of 1946 or Federal law. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators selected via the American Arbitration Association. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.
- 20.3. Governing Law and Venue. This Agreement is made in, and shall be substantially performed, in the State of Florida. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Florida. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Florida. Franchisee and its Principals, hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.
- 20.4. Mutual benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice

of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

- 20.5. Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.6. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 20.7. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL

- 21.1. Independent Contractor. Franchisee is and shall be an independent contractor under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.
- 21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the

prohibition without in any way invalidating or altering any other provision of this Agreement.

- 21.4. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.6. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.
- 21.9. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the

parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

- 21.10. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transaction Act, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.
- 21.11. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.
- 21.12. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

FRANCHISOR:

BAGEL BOSS FRANCHISING LLC

By: _____

_____,
(Print Name, Title)

FRANCHISEE:

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 2

Service Marks –

Bagel Boss
Serial Number: 3034238

Flagel
Serial Number: 3818001

ATTACHMENT 3

TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION

** TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A LOCATION IS APPROVED IN/AROUND _____.

Territory (insert map and/or define by zip codes):

Franchised Business Address:

ATTACHMENT 4

GENERAL RELEASE

_____ (“Franchisee”) and its principal(s):

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless _____ Bagel Boss Franchising LLC (“Franchisor”), BAGEL BOSS HOLDINGS LLC, their affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Executed as of _____, 20____.

FRANCHISEE:

By: _____

_____, _____
(Name, Title)

FRANCHISEES'S PRINCIPAL:

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

ATTACHMENT 5

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

Name

Percentage of Ownership

ATTACHMENT 6

GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on_____, 20___ to Bagel Boss Franchising LLC, a Florida Limited Liability Company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with _____, a(n) _____, _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.
GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

Address: _____

ATTACHMENT 7

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this _____ day of _____, 20____, by _____, a(n) _____ (“Franchisee”), a franchisee of Bagel Boss Franchising LLC a Florida Limited Liability Company (“Franchisor”), and _____, an individual (“Covenantor”) in connection with a Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____, 20____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the **registered** trademark “Bagel Boss” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of Franchised Business outlets;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Bagel Boss operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Bagel Boss system or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant business substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Bagel Boss System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any similar restaurant business within the within twenty-five (25) miles of Franchisee's Territory or any Bagel Boss location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a

breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure of Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA, WITHOUT REFERENCE TO FLORIDACHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF FLORIDA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDAOR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN FLORIDA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. Only a duly authorized writing executed by all parties may modify this Agreement.

i. All notices and demands required hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

If directed to Covenantor:

Any change in the foregoing addresses shall be affected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____
Name: _____
Title: _____

COVENANTOR:

Name: _____

ATTACHMENT 8

AUTHORIZATION AGREEMENT
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Bagel Boss Franchising LLC**

I (We) hereby authorize Bagel Boss Franchising LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Must be Nine Digits)

This authorization is to remain in full force and effect until Bagel Boss Franchising LLC has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 3 and 11 of the Franchise Agreement.

Print Franchisee / Account Holder Name Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

**Please Return Form to: Bagel Boss Franchising
LLC**
1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146
Phone #: 516-414-0915

ATTACHMENT 9

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment”) is made, entered into and effective on this ____ day of _____, 20____ Effective Date,”) by and between: (i) Bagel Boss Franchising LLC, a Florida limited liability company with its principal place of business at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Franchisee”).

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the “Franchise Agreement”) dated as of _____, 20__ with the Franchisee, pursuant to which the Franchisee plans to own and operate a Bagel Boss franchised business (the “Franchised Business”) located at _____ (the “Site”). In addition, pursuant to that certain Lease Agreement (the “Lease”), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the “Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.

2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.

3. **Indemnification of Franchisor:** Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment:** Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee’s rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee’s breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor’s option be

deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination:** Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies:** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

c) to exclude the Franchisee, its agents or employees from the Site;

d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately

terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney:** Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys’ Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section

or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISEE

By: _____
Name: _____
Date: _____

FRANCHISOR

Bagel Boss Franchising LLC

By: _____
Name: _____
Title: _____
Date: _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR

By: _____
Name: _____
Title: _____
Date: _____

Attachment 10

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between Bagel Boss Franchising LLC, a Florida Limited Liability Company with its principal place of business at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146 (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Bagel Boss business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Bagel Boss brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing,

Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 **Release.** Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 **Indemnification.** Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 **No Duty.** The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 **Further Assurances.** Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 **Successors, Assigns, and Affiliates.** All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 **Effect on Other Agreements.** Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 **Survival.** This Agreement shall survive the Termination of the Franchise Agreement.

3.8 **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Florida without regard to the application of Florida conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Bagel Boss Franchising LLC

By: _____

_____, _____
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

EXHIBIT C
MULTI UNIT AGREEMENT

**BAGEL BOSS FRANCHISING LLC
MULTI-UNIT DEVELOPMENT AGREEMENT**

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ATTACHMENTS

ATTACHMENT 1: DEVELOPER ACKNOWLEDGEMENT STATEMENT

ATTACHMENT 2: TRADEMARKS

ATTACHMENT 3: DEVELOPMENT AREA

BAGEL BOSS FRANCHISING LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "Agreement") is being entered into this day of _____, (the "Effective Date") by and between Bagel Boss Franchising LLC, a Florida limited liability company with its principal place of business at 1172 S. Dixie Hwy, Suite 335, Coral Gables, FL 33146 (herein "Franchisor") and _____, an individual residing at _____ and _____, an individual residing at _____ (herein "Developer").

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established unique business offering the finest New York bagels, bialys and bakery items under the Bagel Boss® trademarks and using Franchisor's confidential operations manual ("Manual") of business practices and policies, and Franchisor's distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "System").

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Bagel Boss® service mark, as set forth in Attachment 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Pursuant to franchise agreements, Franchisor licenses to others the right to operate Bagel Boss outlets, using the Marks and System, in strict conformity therewith, which may be changed, improved and further developed by Franchisor from time to time (each a "Franchise Agreement").

Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating franchised businesses of the System in conformity with Franchisor's standards and specifications.

Developer desires to obtain the right to further develop and expand the System in accordance with the development schedule described in Section 5.2 hereof (the "Mandatory Development Schedule") within the development area described in Attachment 3 (the "Development Area"), under the System and Marks, on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

2. GRANT OF DEVELOPMENT RIGHTS.

- 2.1 Grant. Franchisor hereby grants to Developer, and the Developer hereby accepts from the Franchisor, on the terms and conditions set forth in this Agreement, which includes, but is not limited to, the execution of a Franchise Agreement pursuant to Section 4.1 hereof, the right to develop, construct, open and operate one (1) Bagel Boss outlet within the Development Area set forth in Attachment 3. Developer shall be granted rights to establish additional Bagel Boss outlets in the Development Area, up to the total number of outlets set forth in the Mandatory Development Schedule set forth in Section 5.2 hereof, subject to Developer's full compliance with all conditions precedent to the grant of such rights outlined below, which rights shall be exercised in accordance with Section 4.1 hereof.
- 2.2 Reservation of Rights. Notwithstanding the provisions of Section 2.1 above, Developer understands and agrees Franchisor fully reserves all other rights, other than as specified in this Agreement, for sales, solicitation and distribution of Bagel Boss products and services within or outside of the Development Area. This reservation of Franchisor's rights includes, but is not limited to, Franchisor's right to the rights to offer (i) other products or services not offered under the Marks, (ii) other food or beverage concepts under the Marks or other trademarks, and (iii) products or services through any channel in the Development Area other than a dedicated Bagel Boss such as distribution through retail outlets, including but not limited to, grocery stores; in captive market locations, such as airports and malls; and the Internet.
- 2.3 No License to System and Marks. Developer expressly acknowledges that this Agreement is not a Franchise Agreement and does not grant to Developer any right or license to operate an Bagel Boss outlet, distribute any product or service, or use the Marks. This Agreement sets forth conditions which, if fully satisfied, confer upon Developer the rights to enter a Franchise Agreement with Franchisor to establish one or more Bagel Boss outlets in the Development Area only. Developer's rights to open and operate an Bagel Boss outlet and use the System and Marks shall be derived only through the execution of a Franchise Agreement for each Bagel Boss outlet to be established in the Development Area.

3. TERM.

Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the sooner of ten (10) years or the date on which Developer successfully and in a timely manner has complied with all of Developer's obligations hereunder and has completed the development obligations in accordance with the Development Schedule.

4. DEVELOPMENT AND FRANCHISE FEES.

- 4.1 Multi-Unit Development Fee. In consideration of the rights granted under this Agreement, Developer shall pay Franchisor a development fee (the “Development Fee”) in the following amount:

Number of Outlets to Develop	Development Fee	Fee Per Outlet
3	\$90,000	\$30,000
5	\$140,000	\$28,000
10	\$265,000	\$26,500

The Development Fee is fully earned at the time this Multi-Unit Development Agreement is signed and is not refundable under any circumstances. Developer shall pay the full amount of the Development Fee to Franchisor upon Developer’s execution of this Agreement.

- 4.2 Application of Development Fee. Contemporaneous with the execution of this Agreement, Developer shall execute the initial Franchise Agreement for the first Bagel Boss outlet to be established pursuant to the Mandatory Development Schedule. Developer shall receive a corresponding credit from the Development Fee, which shall be applicable to the Initial Franchise Fee due under the initial Franchise Agreement. Upon the execution of each of additional Franchise Agreement for outlets to be developed hereunder, Developer shall receive a corresponding credit from the Development Fee, which shall be applicable to the Initial Franchise Fee payable pursuant to each such additional Franchise Agreement. Upon Franchisor’s approval, Developer may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Bagel Boss outlet pursuant thereto, provided that Developer shall also personally sign such Franchise Agreement as a principal.

5. EXERCISE OF DEVELOPMENT RIGHTS.

- 5.1 Valid Exercise. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each Bagel Boss outlet for which a development right is granted. Developer shall execute and deliver to Franchisor, concurrently with the execution and delivery of this Agreement, Franchisor’s current form of Franchise Agreement for the first Bagel Boss outlet to be established by Developer pursuant to the Mandatory Development Schedule. For each subsequent Bagel Boss outlet to be established hereunder, Developer shall execute and deliver to Franchisor Franchisor’s then-current form of Franchise Agreement, which shall be presented to Developer together with Franchisor’s then-current Franchise Disclosure Document. The then-current form of Franchise Agreement may differ from the current form of Franchise Agreement; provided however, the initial franchise fee for each additional outlet shall be the applicable amount set forth in in Section 4.1 hereof. Further, Developer acknowledges and agrees that Developer shall not receive any initial training related to each additional Bagel Boss outlet. Developer hereby waives all obligations by Franchisor to provide any training to Developer contained in each Franchise Agreement, other than the initial Franchise Agreement executed concurrently with this Agreement, by and between Franchisor and Developer. Developer

hereby acknowledges and agrees that the training Developer receives pursuant to the initial Franchise Agreement executed concurrently with this Agreement is sufficient to allow Developer to construct, equip, open and operate each of Developer's Bagel Boss outlets in the Development Area.

- 5.2 **Mandatory Development Schedule.** Subsequent to Developer's signing of this Agreement and the initial Franchise Agreement, and provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for Developer's first Bagel Boss outlet, Developer shall execute an additional Franchise Agreement for the development of the second Bagel Boss outlet to be opened under the Mandatory Development Schedule. Provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for each subsequent Bagel Boss outlet to be developed by Developer, Developer shall execute an additional Franchise Agreement for the development of the next Bagel Boss outlet to be opened under the Mandatory Development Schedule. Notwithstanding the foregoing, Developer shall open the Bagel Boss outlets in accordance with the following schedule:

Outlet for Development	Mandatory Open Date
1	___ months following the Effective Date
2	___ months following the Effective Date
3	___ months following the Effective Date
4 (if applicable)	___ months following the Effective Date
5	___ months following the Effective Date
6	___ months following the Effective Date
7 (if applicable)	___ months following the Effective Date
8	___ months following the Effective Date
9	___ months following the Effective Date
10	___ months following the Effective Date

Developer acknowledges and agrees that the terms of the Mandatory Development Schedule are reasonable and viable based upon Developer's independent investigation and analysis. Failure by Developer to adhere to the Mandatory Development Schedule (including any extensions thereof approved by Franchisor in writing pursuant to Section 5.3 below) shall constitute a material event of default under this Agreement.

- 5.3 **Extension of Mandatory Development Schedule.** If Developer is unable to meet the Mandatory Development Schedule for any outlet, Developer may seek a reasonable extension from Franchisor. Any request for an extension must be in writing and submitted to Franchisor at least sixty (60) days prior to the Mandatory Open Date for such outlet. Franchisor shall not unreasonably withhold consent for such reasonable extension provided that Developer has (i) submitted its extension request in a timely manner; (ii) demonstrated diligent efforts to meet the original Mandatory Open Date; and (iii) has at all times acted in good faith and is otherwise fulfilling its obligations under this Agreement.
- 5.4 **Conditions to Exercise Developer's Rights.** All of the following conditions must be satisfied or waived, in Franchisor's sole discretion, before Franchisor grants Developer the

right to develop an additional Bagel Boss outlet in accordance with Section 4.1 hereof and pursuant to a Franchise Agreement:

5.4.1 Developer shall (i) request Franchisor's then-current Franchise Disclosure Document, (ii) submit to Franchisor all information and other documents requested by Franchisor prior to and as a basis for the issuance of Franchise Agreements in the System, (iii) submit to Franchisor all financial statements reasonably requested by Franchisor, and (iv) satisfy Franchisor's then-current financial criteria for multi-unit franchisees.

5.4.2 Developer shall be in full compliance with this Agreement, the Mandatory Development Schedule, and all Franchise Agreements with Franchisor and any other agreement with Franchisor or Franchisor's affiliates;

5.4.3 Developer has demonstrated the management skills necessary for competent operation, organization, customer service and record keeping of an additional Bagel Boss outlet as determined by Franchisor, in Franchisor's sole discretion.

5.5 Termination for Failure of Condition. Notwithstanding anything to the contrary contained herein, in the event that Franchisor determines, in Franchisor's sole and absolute discretion, that any condition set forth in Section 5.4 hereof cannot be satisfied, Franchisor may terminate this Agreement upon written notice to Developer. Termination of this Agreement in accordance with this Section 5.5 shall have no effect on the validity of any other agreement between Franchisor and Developer, provided that Developer is in full compliance therewith.

6. TRANSFER

6.1. Transfers by Franchisor.

6.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Developer's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative

hereunder to assign Franchisor's rights in this Agreement.

6.1.2. Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Developer acknowledges may be within the Development Area, proximate thereto, or proximate to any of Developer's locations).

6.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the food and beverage business or to offer or sell any products or services to Developer.

6.2 Restrictions on Transfers by Developer. Developer's rights and duties under this Agreement are personal to Developer, and Franchisor has made this Agreement with Developer in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Developer. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

6.3 Transfers by Developer. Developer shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right granted or interest herein or hereunder (a "Transfer") or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless Developer first obtains the written consent of Franchisor, which Franchisor may or may not grant in Franchisor's sole discretion, and subject to the following:

6.3.1 The proposed transferee must be an individual of good moral character and otherwise meet Franchisor's then-applicable standards for multi-unit franchisees.

6.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate multiple Bagel Boss outlets and to comply with this Agreement;

6.3.3 The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

6.3.4 Developer has paid all amounts owed to (i) Franchisor pursuant to this Agreement and all Franchise Agreements and other agreements between Franchisor and/or Franchisor's affiliates and Developer and (ii) third-party creditors;

6.3.5 The transferee has executed Franchisor's then-standard form of Multi-Unit Development Agreement, which may have terms and conditions different from this Agreement, for a term no less than the unexpired term of future development obligations due pursuant to the Mandatory Development Schedule of this Agreement;

6.3.6 Developer and the transferee shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Developer agrees to subordinate any claims Developer may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;

6.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the transferee's development obligations. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Developer's development rights on such terms and conditions. Developer shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

6.3.8 If Developer, through Developer or any entity, finances any part of the sale price of the Transfer, Developer agrees that all obligations of the transferee under any notes, agreements or security interests to Developer or Developer's entity will be subordinate to the transferee's obligations to Franchisor.

6.4 Transfer Fee. As a condition to any Transfer, Developer shall pay Franchisor a transfer fee equal to 75% of the then current franchise fee or \$25,000 for transfer to an existing developer or franchisee in good standing, or \$3,500 for transfers among owners or \$2,500 for a transfer to a spouse, parent or child upon death or permanent disability.

6.5 Franchisor 's Right of First Refusal.

6.5.1 If Developer wishes to transfer all or part of his or her interest in this Agreement pursuant to any bona fide offer received from a third party to purchase such interest, then Developer shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

6.5.2 Franchisor has the right, exercisable by written notice to Developer within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement for the price and on the terms and conditions contained in the offer.

6.5.3 Developer further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the third-party offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase;

and (v) Franchisor will be entitled to receive from Developer all customary representations and warranties given by a seller of franchise development rights.

6.5.4 If Franchisor does not exercise its right to buy within thirty (30) days, Developer may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 6.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

6.6 Death or Permanent Disability. The grant of rights under this Agreement is personal to Developer, and on the death or permanent disability of Developer, the development rights granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Developer will transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 6.6, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 6 and unless transferred by gift, devise or inheritance, subject to the terms of Section 6.4 and 6.5 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Developer from supervising the development and operation of Developer's Bagel Boss outlets continuously for six (6) months from its onset.

7. DEFAULT AND TERMINATION.

7.1 Default and Automatic Termination. Developer shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing his or her inability to pay debts when due; or if Developer is adjudicated a bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against any of Developer's Bagel Boss outlet premises or equipment is instituted against Developer and not dismissed within thirty (30) days.

- 7.2 Defaults With No Opportunity to Cure. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon notice to Developer, if Developer:
- 7.2.1 has misrepresented or omitted material facts in applying for the development rights granted hereunder;
 - 7.2.2 falsifies any report required to be furnished Franchisor hereunder;
 - 7.2.3 fails to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of Developer's Bagel Boss outlets, including, but not limited to, the failure to pay taxes;
 - 7.2.4 fails to develop the Bagel Boss outlets in accordance with the Mandatory Development Schedule.
 - 7.2.5 attempts a Transfer in violation of the provisions of Article 6 of this Agreement;
 - 7.2.6 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything that may harm the reputation of the System or the goodwill associated with the Marks;
 - 7.2.7 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
 - 7.2.8 fails to comply with the non-disclosure and non-competition covenants in Article 8 hereof;
 - 7.2.9 defaults, or an affiliate of Developer defaults, under any other agreement, including any Franchise Agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or
 - 7.2.10 terminates this Agreement without cause.
- 7.3 Curable Defaults. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Developer fails to cure the default within the time period set forth in this Section 7.3, effective immediately upon notice to Developer, if Developer:

- 7.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Section 7.2;
- 7.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 7.1 and 7.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Developer proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 7.2.
- 7.4. Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Developer shall immediately terminate and Developer shall (i) immediately cease all development operations pursuant to this Agreement; and (ii) comply with the non-disclosure and non-competition covenants contained in Article 8.

8. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

- 8.1 Confidential Information. Developer acknowledges and accepts that during the term of this Agreement, Developer will have access to Franchisor's trade secrets, including, but not limited to, recipes, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Developer shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for Developer's own benefit, any Confidential Information that may be communicated to Developer or of which Developer may be apprised in connection with the development of Bagel Boss outlets under the terms of this Agreement. Developer shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person, without Franchisor's prior written consent. The covenant in this Section 8.1 shall survive the expiration, termination or

transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer.

- 8.2 Protection of Information. Developer shall take all steps necessary, at Developer's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Developer finds that any Confidential Information has been divulged in violation of this Agreement.
- 8.3 Noncompetition Covenants. Developer acknowledges that, pursuant to this Agreement, Developer will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Developer. Developer acknowledges that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to him or her in the development and operation of Bagel Boss outlets, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Developer is entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Developer covenants that, except as otherwise approved in writing by Franchisor:
- 8.3.1 During the term of this Agreement, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Developer's Bagel Boss outlets or of other developers or franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or food service business featuring bagels, bialys and bakery items; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Bagel Boss developers or franchisees or Franchisor-affiliated outlets.
- 8.3.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of Developer's Bagel Boss outlets or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or food service business featuring bagels, bialys and bakery items within ten (10) miles of the Development Area or any Bagel Boss location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Bagel Boss developers or franchisees.
- 8.4 Reasonableness of Restrictions. Developer acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose

any undue hardship on Developer since Developer has other considerable skills, experience and education which afford Developer the opportunity to derive income from other endeavors.

- 8.5 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 8 or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to forthwith comply with any covenant as so modified.
- 8.6 Injunctive Relief. Developer acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of the covenants not to compete set forth in this Agreement.
- 8.7 No Defense. Developer expressly agrees that the existence of any claims he or she may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

9. INDEMNIFICATION.

TO THE FULLEST EXTENT PERMITTED BY LAW, DEVELOPER AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BAGEL BOSS FRANCHISING LLC, BAGEL BOSS HOLDINGS LLC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "BAGEL BOSS INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE DEVELOPMENT, OPERATION, CONDITION, OR ANY PART OF ANY OF DEVELOPER'S BAGEL BOSS OUTLETS TO BE DEVELOPED HEREUNDER, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO ANY OF SUCH BAGEL BOSS OUTLETS, WHETHER CAUSED BY DEVELOPER'S AGENTS OR EMPLOYEES, OR ARISING FROM DEVELOPER'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE BAGEL BOSS INDEMNITEES. DEVELOPER AGREES TO PAY FOR ALL THE BAGEL BOSS INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR

DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY DEVELOPER HEREUNDER. THE BAGEL BOSS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE BAGEL BOSS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. DEVELOPER AGREES THAT TO HOLD THE BAGEL BOSS INDEMNITEES HARMLESS, DEVELOPER WILL REIMBURSE THE BAGEL BOSS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE BAGEL BOSS INDEMNITEES.

Initial

10. DISPUTE RESOLUTION

- 10.1 Internal Dispute Resolution. Developer shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Exhibits hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 10.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 10.1 hereof shall be submitted to non-binding mediation. Developer shall provide Franchisor with written notice of Developer's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Developer's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.
- 10.3 Exceptions. Notwithstanding the requirements of Sections 10.2, the following claims shall not be subject to mediation:
- 10.3.1 Franchisor's claims for injunctive or other extraordinary relief;
 - 10.3.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;
 - 10.3.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and
 - 10.3.4 enforcement of Developer's post-termination obligations, including but not limited to, Developer's non-competition covenants.

- 10.4 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in the State of Florida. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Florida. Developer, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Florida. Developer hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision.
- 10.5 Mutual benefit. Developer and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 10.4 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 10.6 Waiver of Jury Trial and Certain Damages. Developer hereby waives, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Developer agrees that in the event of a dispute, Developer shall be limited to the recovery of any actual damages sustained.
- 10.7 Limitations of Claims. Any and all claims asserted by Developer arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Developer knew or should have known of the facts giving rise to such claims.
- 10.8 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Developer concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.
- 10.9 Survival. The provisions of this Article 10 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Developer of his/her respective interests in this Agreement.

11. GENERAL

- 11.1 Independent Licensee. Developer is and shall be an independent licensee under this Agreement, and no partnership shall exist between Developer and Franchisor. This Agreement does not constitute Developer as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Developer agrees not to incur or contract any debt or obligation on behalf

of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other developers or franchisees of Franchisor. Pursuant to the above, Developer agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of the relationship hereby established which specifically, but not exclusively, includes costs, losses, expenses, attorneys fees relative to assignment or the transfer of right to develop and transactional costs relative thereto, defaults under any leases, subleases, notes, receipt of revenues or any other relationships arising directly or indirectly out of the development and operation of the Bagel Boss outlets.

- 11.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Developer and his or her respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Developer in this Agreement, except in accordance with Article 6 hereof.
- 11.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 11.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Developer, except the representations made to Developer in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 11.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named.
- 11.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 11.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written,

or at such other address or addresses as the parties may from time to time designate in writing.

- 11.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind.
- 11.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 7 shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 11.10. Consent to Do Business Electronically. The parties to this Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of this Agreement, and by attaching their signature electronically to this Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to this Agreement can rely on an electronic signature as the respective party's signature.
- 11.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.
- 11.10 Survival. Any obligation of Developer that contemplates performance of such obligation after termination, expiration or transfer of this Agreement shall be deemed to survive such termination, expiration or transfer.

12. ACKNOWLEDGMENTS.

Developer shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Developer's acknowledgements are an inducement for Franchisor to enter into this Agreement. Developer shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

SIGNATURES ON THE FOLLOWING PAGE

The parties hereto have executed this Multi-Unit Development Agreement in on the day and year first above written.

FRANCHISOR:

BAGEL BOSS FRANCHISING LLC

By: _____

(Print Name, Title)

DEVELOPER:

(Print Name)

DEVELOPER:

(Print Name)

ATTACHMENT 1

DEVELOPER ACKNOWLEDGEMENT STATEMENT

Developer hereby acknowledges the following:

Developer has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing the Bagel Boss outlets contemplated hereunder. Developer further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Bagel Boss outlets to be developed hereunder has been made to Developer by Franchisor and Developer hereby waives any claim against Franchisor for any business failure Developer may experience as a developer under this Agreement.

Initial

Developer agrees that no claims of success or failure have been made to him or her prior to signing this Agreement and that he/she understands all the terms and conditions of this Agreement. Developer further acknowledges that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally; provided, however, nothing in this Multi-Unit Development Agreement or in any related agreement is intended to disclaim the representations made to Developer in Franchisor's Franchise Disclosure Document.

Initial

Developer has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. Developer acknowledges that no representations or warranties are made or implied, except as specifically set forth herein. Developer represents, as an inducement to Franchisor's entry into this Agreement, that Developer has made no misrepresentations in obtaining this Agreement.

Initial

Franchisor expressly disclaims the making of, and Developer acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

Initial

Developer acknowledges that he/she has received the Bagel Boss Franchising LLC Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has read such Franchise Disclosure Document and understands its contents.

Initial

Developer acknowledges that he/she has had ample opportunity to consult with his/her own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Developer with respect to this Agreement or the relationship thereby created.

Initial

Developer, together with Developer's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the development rights granted by this Agreement.

Initial

BY EXECUTING THIS AGREEMENT, DEVELOPER, INDIVIDUALLY AND ON BEHALF OF DEVELOPER'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BAGEL BOSS FRANCHISING, LLC, BAGEL BOSS HOLDINGS LLC, THE BAGEL BOSS INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

ATTACHMENT 2

Service Marks:

Bagel Boss

Serial Number: 3034238

Flagel

Serial Number: 3818001

ATTACHMENT 3
DEVELOPMENT AREA

(insert map and/or define by zip codes):

EXHIBIT D
FINANCIAL STATEMENTS

BAGEL BOSS FRANCHISING LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022



BAGEL BOSS FRANCHISING LLC

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Independent Auditor's Report

To the Member
Bagel Boss Franchising LLC
Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Bagel Boss Franchising LLC as of December 31, 2022, and 2021 and the related statements of operations, member's equity, and cash flows for the year ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bagel Boss Franchising LLC as of December 31, 2022 and 2021 and the results of their operations and their cash flows for the year ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bagel Boss Franchising LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bagel Boss Franchising LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bagel Boss Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bagel Boss Franchising LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Reese CPA LLC

Ft. Collins, Colorado
March 10, 2022

BAGEL BOSS FRANCHISING LLC
BALANCE SHEET
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 91,937	\$ 87,815
Accounts receivable	13,753	5,864
TOTAL CURRENT ASSETS	<u>105,690</u>	<u>93,679</u>
NON-CURRENT ASSETS		
Intangible assets, net	31,850	40,950
TOTAL ASSETS	<u><u>\$ 137,540</u></u>	<u><u>\$ 134,629</u></u>
LIABILITIES AND MEMBER'S EQUITY:		
CURRENT LIABILITIES		
Accrued liabilities	175	1,000
Current portion of deferred revenue	3,500	3,500
TOTAL CURRENT LIABILITIES	<u>3,675</u>	<u>4,500</u>
NON-CURRENT LIABILITIES		
Deferred revenue, less current portion	123,000	31,500
TOTAL LIABILITIES	<u>126,675</u>	<u>36,000</u>
MEMBER'S EQUITY	10,865	98,629
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 137,540</u></u>	<u><u>\$ 134,629</u></u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Licensing fee revenue	\$ 210,188	\$ 210,030	\$ 54,995
Royalty fees	20,840	-	-
Franchise fees	15,500	-	-
Other revenue	6,969	677	-
Termination fee revenue	-	40,000	-
	<u>253,497</u>	<u>250,707</u>	<u>54,995</u>
TOTAL REVENUES			
	<u>253,497</u>	<u>250,707</u>	<u>54,995</u>
OPERATING EXPENSES			
Advertising and promotion	18,790	12,162	-
General and administration	65,540	22,812	-
Professional fees	24,131	55,546	5,000
Management fees	223,700	126,668	30,335
Amortization expense	9,100	4,550	-
	<u>341,261</u>	<u>221,738</u>	<u>35,335</u>
TOTAL OPERATING EXPENSES			
	<u>341,261</u>	<u>221,738</u>	<u>35,335</u>
OPERATING INCOME (LOSS)	(87,764)	28,969	19,660
OTHER INCOME (EXPENSE)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
NET INCOME (LOSS)	<u>\$ (87,764)</u>	<u>\$ 28,969</u>	<u>\$ 19,660</u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>Member Contributions</u>	<u>Accumulated Earnings (Deficit)</u>	<u>Total Member's Equity (Deficit)</u>
BALANCE, SEPTEMBER 18, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	50,000	-	50,000
Net income	-	19,660	19,660
BALANCE, DECEMBER 31, 2020	<u>50,000</u>	<u>19,660</u>	<u>69,660</u>
Net income	-	28,969	28,969
BALANCE, DECEMBER 31, 2021	<u>50,000</u>	<u>48,629</u>	<u>98,629</u>
Net (loss)	-	(87,764)	(87,764)
BALANCE, DECEMBER 31, 2022	<u><u>\$ 50,000</u></u>	<u><u>\$ (39,135)</u></u>	<u><u>\$ 10,865</u></u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ (87,764)	\$ 28,969	\$ 19,660
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	9,100	4,550	-
Recognition of non-refundable deferred franchise fees	(3,500)		
Changes in assets and liabilities:			
Accounts receivable	(7,889)	(3,014)	(2,850)
Accrued liabilities	(825)	1,000	-
Deferred revenue	95,000	35,000	-
Net cash provided by operating activities	<u>4,122</u>	<u>66,505</u>	<u>16,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	-	(24,300)	(21,200)
Net cash used for investing activities	<u>-</u>	<u>(24,300)</u>	<u>(21,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	-	-	50,000
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>50,000</u>
NET INCREASE IN CASH	4,122	42,205	45,610
CASH, BEGINNING	<u>87,815</u>	<u>45,610</u>	<u>-</u>
CASH, ENDING	<u>\$ 91,937</u>	<u>\$ 87,815</u>	<u>\$ 45,610</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bagel Boss Franchising LLC (“Company”) was formed on September 18, 2020, (Inception) in the State of Florida as a limited liability company. The Company grants franchises for the right to operate a Bagel Boss location offering the finest New York bagels, bialys, and bakery items. Product are provided to customers under the “Bagel Boss” Marks, using distinctive operating procedures and standards in a limited protected territory and from a single location.

Parent and Affiliate

Bagel Boss Holdings LLC (“Parent”) was formed on September 17, 2020, in the state of Florida as a limited liability company for the purpose of owning the Company. The Parent purchased 11 franchise agreements from a prior owner and on September 24, 2020 assigned these agreements to the Company.

Bagel Boss IP, LLC was formed on September 17, 2020 in the state of Florida as a limited liability company and is the owner of the Marks and has exclusively licensed use of the Marks to the Company and its franchisees.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

The following table summarizes the number of locations open and operating for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Locations in operation, beginning	10	11	11
Locations opened	2	-	-
Locations terminated or closed	-	(1)	-
Locations in operation, ending	<u>12</u>	<u>10</u>	<u>11</u>
Franchised locations	12	10	11
Affiliate owned locations	-	-	-

A summary of significant accounting policies follows:

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022 and 2021.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable for the years ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021, and 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The member of the Company has elected to be taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its member and no provisions for federal or state taxes have been recorded on the accompanying balance sheets.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s member. The Company’s evaluation was performed for the years ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 for U.S. Federal Income Tax and for the State of New York Income Tax and the State of Florida Franchise Tax.

Revenue Recognition

The Company recognizes revenue according to the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue mainly consists of licensing fees, franchise fees and royalties.

Franchise agreements assigned to the Company are charged a licensing fee according to the terms of the franchise agreement. The licensing fees are billed monthly and are recognized as revenue when earned.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract, which is currently 10 years from the date the location opens for business.

When a franchisee purchases a Bagel Boss franchise, the Company grants the franchisee the rights to operate in a territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the territory and license are continuing royalties are based on gross revenues and are 4.5%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned. The Company has no revenue from royalties for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

Brand Development Fund Contribution

The Company has the right to collect a brand development fund fee of 1% of the gross revenues of each franchise location. The Company had no contributions to the fund for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020, was \$18,790, \$12,162 and \$0, respectively.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – RELATED PARTY TRASACTIONS

The Company has an informal agreement with the parent to pay certain expenses owed by the parent or reimburse expenses paid by the parent on behalf of the Company. These amounts are recorded as a management fee expense and are \$126,668 and \$30,335, respectively, for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Franchise development costs	\$ 45,500	\$ 45,500
Accumulated amortization	<u>(13,650)</u>	<u>(4,550)</u>
	<u>\$ 31,850</u>	<u>\$ 40,950</u>

Amortization expense was \$9,100, \$4,550, and \$0 for the years ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020. Amortization expense for the next three and one half succeeding years is expected to be approximately \$9,100 per year.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for deferred revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity for the years ended December 31, 2022, and 2021 are as follows:

	December 31, 2022	2021
Deferred Non-refundable Franchise Fees:		
Balance beginning of year	\$ 35,000	\$ -
Deferral of non-refundable franchise fees	95,000	35,000
Recognition of non-refundable franchise fees	(3,500)	-
Balance at end of year	<u>\$ 126,500</u>	<u>\$ 35,000</u>

Estimated Recognition of Deferred Franchise Fees

Estimated revenues to be recognized in future periods related to deferred revenue as reported at December 31, 2022, is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2023	\$ 3,500
2024	3,100
2025	3,100
2026	3,100
2027	3,100
Thereafter	109,000
	<u>\$ 126,500</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020, are as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 226,198	\$ 250,707	\$ 54,995
Performance obligations satisfied through the passage of time	27,299	-	-
Total revenues	<u>\$ 253,497</u>	<u>\$ 250,707</u>	<u>\$ 54,995</u>

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 6 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 10, 2022, the date on which the financial statements were available to be issued.

BAGEL BOSS FRANCHISING LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2021



BAGEL BOSS FRANCHISING LLC

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Independent Auditor's Report

To the Member
Bagel Boss Franchising LLC
Miami, Florida

Report on the Financial Statements

We have audited the accompanying balance sheets of Bagel Boss Franchising LLC as of December 31, 2021 and 2020 and the related statements of operations, member's equity, and cash flows for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bagel Boss Franchising LLC as of December 31, 2021 and 2020 and the results of their operations and their cash flows for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
March 8, 2022

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Office: (303) 999-6485 • Fax (303) 284-5041

BAGEL BOSS FRANCHISING LLC
BALANCE SHEET
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 87,815	\$ 45,610
Accounts receivable	5,864	2,850
TOTAL CURRENT ASSETS	<u>93,679</u>	<u>48,460</u>
NON-CURRENT ASSETS		
Intangible assets, net	40,950	21,200
TOTAL ASSETS	<u><u>\$ 134,629</u></u>	<u><u>\$ 69,660</u></u>
LIABILITIES AND MEMBER'S EQUITY:		
CURRENT LIABILITIES		
Accrued liabilities	1,000	-
Current portion of deferred revenue	3,500	-
TOTAL CURRENT LIABILITIES	<u>4,500</u>	<u>-</u>
NON-CURRENT LIABILITIES		
Deferred revenue, less current portion	31,500	-
TOTAL LIABILITIES	<u>36,000</u>	<u>-</u>
MEMBER'S EQUITY	98,629	69,660
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 134,629</u></u>	<u><u>\$ 69,660</u></u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Licensing fee revenue	\$ 210,707	\$ 54,995
Termination fee revenue	40,000	-
	<u>250,707</u>	<u>54,995</u>
TOTAL REVENUES		
	<u>250,707</u>	<u>54,995</u>
OPERATING EXPENSES		
Advertising and promotion	12,162	-
General and administration	22,812	-
Professional fees	55,546	5,000
Management fees	126,668	30,335
Amortization expense	4,550	-
	<u>221,738</u>	<u>35,335</u>
TOTAL OPERATING EXPENSES		
	<u>221,738</u>	<u>35,335</u>
OPERATING INCOME	28,969	19,660
OTHER INCOME (EXPENSE)	-	-
	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 28,969</u>	<u>\$ 19,660</u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>Member Contributions</u>	<u>Accumulated Earnings</u>	<u>Total Member's Equity</u>
BALANCE, SEPTEMBER 18, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	50,000	-	50,000
Net income	-	19,660	19,660
BALANCE, DECEMBER 31, 2020	<u>50,000</u>	<u>19,660</u>	<u>69,660</u>
Net income	-	28,969	28,969
BALANCE, DECEMBER 31, 2021	<u><u>\$ 50,000</u></u>	<u><u>\$ 48,629</u></u>	<u><u>\$ 98,629</u></u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 28,969	\$ 19,660
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	4,550	-
Changes in assets and liabilities:		
Accounts receivable	(3,014)	(2,850)
Accrued liabilities	1,000	-
Deferred revenue	35,000	-
Net cash provided by operating activities	<u>66,505</u>	<u>16,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(24,300)	(21,200)
Net cash used for investing activities	<u>(24,300)</u>	<u>(21,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions	-	50,000
Net cash provided by financing activities	<u>-</u>	<u>50,000</u>
NET INCREASE IN CASH	42,205	45,610
CASH, BEGINNING	<u>45,610</u>	<u>-</u>
CASH, ENDING	<u><u>\$ 87,815</u></u>	<u><u>\$ 45,610</u></u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

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

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bagel Boss Franchising LLC (“Company”) was formed on September 18, 2020, (Inception) in the State of Florida as a limited liability company. The Company grants franchises for the right to operate a Bagel Boss location offering the finest New York bagels, bialys, and bakery items. Product are provided to customers under the “Bagel Boss” Marks, using distinctive operating procedures and standards in a limited protected territory and from a single location.

Parent and Affiliate

Bagel Boss Holdings LLC (“Parent”) was formed on September 17, 2020 in the state of Florida as a limited liability company for the purpose of owning the Company. The Parent purchased 11 franchise agreements from a prior owner and on September 24, 2020 assigned these agreements to the Company.

Bagel Boss IP, LLC was formed on September 17, 2020 in the state of Florida as a limited liability company and is the owner of the Marks and has exclusively licensed use of the Marks to the Company and its franchisees.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

The following table summarizes the number of locations open and operating for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020:

	<u>2021</u>	<u>2020</u>
Locations in operation, beginning	11	11
Locations opened	-	-
Locations terminated or closed	(1)	-
Locations in operation, ending	<u>10</u>	<u>11</u>
Franchised locations	10	11
Affiliate owned locations	-	-

A summary of significant accounting policies follows:

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021 and 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2021 and 2020 and did not charge-off any accounts receivable for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021 and 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The member of the Company has elected to be taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its member and no provisions for federal or state taxes have been recorded on the accompanying balance sheets.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s member. The Company’s evaluation was performed for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 for U.S. Federal Income Tax and for the State of New York Income Tax and the State of Florida Franchise Tax.

Revenue Recognition

The Company recognizes revenue according to the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue mainly consists of licensing fees, franchise fees and royalties.

Franchise agreements assigned to the Company are charged a licensing fee according to the terms of the franchise agreement. The licensing fees are billed monthly and are recognized as revenue when earned.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract which is currently 10 years from the date the location opens for business.

When a franchisee purchases a Bagel Boss franchise, the Company grants the franchisee the rights to operate in a territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the territory and license are continuing royalties are based on gross revenues and are 4.5%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned. The Company has no revenue from royalties for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

Brand Development Fund Contribution

The Company has the right to collect a brand development fund fee of 1% of the gross revenues of each franchise location. The Company had no contributions to the fund for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 was \$12,162 and \$0, respectively.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – RELATED PARTY TRASACTIONS

The Company has an informal agreement with the parent to pay certain expenses owed by the parent or reimburse expenses paid by the parent on behalf of the Company. These amounts are recorded as a management fee expense and are \$126,668 and \$30,335, respectively, for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020.

NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Franchise development costs	\$ 45,500	\$ 21,200
Accumulated amortization	<u>(4,550)</u>	<u>-</u>
	<u>\$ 40,950</u>	<u>\$ -</u>

Amortization expense was \$4,550, and \$0 for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020. Amortization expense for the next five succeeding years is expected to be approximately \$9,100 per year.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for deferred revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 are as follows:

	2021	2020
Deferred Franchise Revenue:		
Balance at beginning of year	\$ -	\$ -
Deferral of deferred revenue	35,000	-
Recognition of franchise revenue	-	-
Balance at end of year	<u>\$ 35,000</u>	<u>\$ -</u>

Estimated Recognition of Deferred Franchise Fees

Estimated revenues to be recognized in future periods related to deferred revenue as reported at December 31, 2021 is as follows:

Year ending December 31:	
2022	\$ 3,500
2023	3,500
2024	3,500
2025	3,500
2026	3,500
Thereafter	17,500
	<u>\$ 35,000</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2021 and for the period from September 18, 2020 (Inception) through December 31, 2020 are as follows:

	2021	2020
Performance obligations satisfied at a point in time	\$ 250,707	\$ 54,995
Performance obligations satisfied through the passage of time	-	-
Total revenues	<u>\$ 250,707</u>	<u>\$ 54,995</u>

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 6 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 8, 2022, the date on which the financial statements were available to be issued.

BAGEL BOSS FRANCHISING LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2020



BAGEL BOSS FRANCHISING LLC

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Independent Auditor's Report

To the Member
Bagel Boss Franchising LLC
Miami, Florida

Report on the Financial Statements

We have audited the accompanying balance sheet of Bagel Boss Franchising LLC as of December 31, 2020 and the related statements of operations, member's equity, and cash flows for the period from September 18, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bagel Boss Franchising LLC as of December 31, 2020 and the results of their operations and their cash flows for the period from September 18, 2020 (Inception) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
February 26, 2021

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Office: (303) 999-6485 • Fax (303) 284-5041

BAGEL BOSS FRANCHISING LLC
BALANCE SHEET
AS OF DECEMBER 31, 2020

ASSETS:

CURRENT ASSETS

Cash and equivalents	\$ 45,610
Accounts receivable	2,850

TOTAL CURRENT ASSETS	<u>48,460</u>
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NON-CURRENT ASSETS

Intangible assets	21,200
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TOTAL ASSETS	<u><u>\$ 69,660</u></u>
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LIABILITIES AND MEMBER'S EQUITY:

CURRENT LIABILITIES

TOTAL CURRENT LIABILITIES	<u>-</u>
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NON-CURRENT LIABILITIES

TOTAL LIABILITIES	<u>-</u>
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MEMBER'S EQUITY	69,660
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TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 69,660</u></u>
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The accompanying notes are an integral part of these financial statements.

BAGEL BOSS FRANCHISING LLC
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

REVENUES	
Licensing fee revenue	\$ 54,995
TOTAL REVENUES	54,995
OPERATING EXPENSES	
Professional fees	5,000
Management fees	30,335
TOTAL OPERATING EXPENSES	35,335
OPERATING INCOME	19,660
OTHER INCOME (EXPENSE)	-
NET INCOME	\$ 19,660

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

	<u>Member Contributions</u>	<u>Accumulated Earnings</u>	<u>Total Member's Equity</u>
BALANCE, SEPTEMBER 18, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	50,000	-	50,000
Net income	-	19,660	19,660
BALANCE, DECEMBER 31, 2020	<u>\$ 50,000</u>	<u>\$ 19,660</u>	<u>\$ 69,660</u>

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

BAGEL BOSS FRANCHISING LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM SEPTEMBER 18, 2020 (INCEPTION) THROUGH
DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 19,660
Changes in assets and liabilities:	
Accounts receivable	(2,850)
Net cash provided by operating activities	<u>16,810</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of intangible assets	(21,200)
Net cash used for investing activities	<u>(21,200)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Member contributions	50,000
Net cash provided by financing activities	<u>50,000</u>

NET INCREASE IN CASH 45,610

CASH, BEGINNING -

CASH, ENDING \$ 45,610

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ -
Cash paid for taxes	\$ -

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

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bagel Boss Franchising LLC (“Company”) was formed on September 18, 2020, (Inception) in the State of Florida as a limited liability company. The Company grants franchises for the right to operate a Bagel Boss location offering the finest New York bagels, bialys, and bakery items. Product are provided to customers under the “Bagel Boss” Marks, using distinctive operating procedures and standards in a limited protected territory and from a single location.

Parent and Affiliate

Bagel Boss Holdings LLC (“Parent”) was formed on September 17, 2020 in the state of Florida as a limited liability company for the purpose of owning the Company. The Parent purchased 11 franchise agreements from a prior owner and on September 24, 2020 assigned these agreements to the Company.

Bagel Boss IP, LLC was formed on September 17, 2020 in the state of Florida as a limited liability company and is the owner of the Marks and has exclusively licensed use of the Marks to the Company and its franchisees.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

The following table summarizes the number of locations open and operating for the period from September 18, 2020 (Inception) through December 31, 2020:

	<u>2020</u>
Locations in operation, beginning	11
Locations opened	-
Locations terminated or closed	<u>-</u>
Locations in operation, ending	<u>11</u>
Franchised locations	-
Affiliate owned locations	11

A summary of significant accounting policies follows:

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2020 and did not charge-off any accounts receivable during the period from September 18, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The member of the Company has elected to be taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its member and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s member. The Company’s evaluation was performed for the period from September 18, 2020 (Inception) through December 31, 2020 for U.S. Federal Income Tax and for the State of New York Income Tax and the State of Florida Franchise Tax.

Revenue Recognition

The Company recognizes revenue according to the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue mainly consists of licensing fees, franchise fees and royalties.

Franchise agreements assigned to the Company are charged a licensing fee according to the terms of the franchise agreement. The licensing fees are billed monthly and are recognized as revenue when earned.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years. The Company has no revenue from initial fees during the period from September 18, 2010 (Inception) through December 31, 2020.

When a franchisee purchases a Bagel Boss franchise, the Company grants the franchisee the rights to operate in a territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the territory and license are continuing royalties are based on gross revenues and are 4%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned. The Company has no revenue from royalties during the period from September 18, 2020 (Inception) through December 31, 2020.

BAGEL BOSS FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Brand Development Fund Contribution

The Company has the right to collect a brand development fund fee of 1% of the gross revenues of each franchise location. The Company had no contributions to the fund for the period from September 18, 2020 (Inception) through December 31, 2020.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the period from September 18, 2020 (Inception) through December 31, 2020 was \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – RELATED PARTY TRASACTIONS

The Company has an informal agreement with the parent to pay certain expenses owed by the parent. These amounts are recorded as a management fee expense and are \$30,335 during the period from September 18, 2020 (Inception) through December 31, 2020.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through February 26, 2021 the date on which the financial statements were available to be issued.

EXHIBIT E

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EXHIBIT F
List of Current Outlets as of December 31, 2022

Franchised Locations

Location Name	Address	Phone Number
East Northport	1941 Jericho Trpk	631-462-3922
Jericho	10 Jericho Trpk	516-334-0300
Hewlett	1352 Peninsula Blvd	516-569-8600
Roslyn	400 Willis Ave	516-626-5599
Murray Hill N.Y.C.	544 3 rd Ave	646-368-1880
Merrick	2101 Merrick Rd	516-442-3006
Lake Success	1564 Union Turnpike	516-437-7100
Oceanside	405 Merrick Rd	516-766-1581
Carle Place	43 Old Country Rd	516-248-1155
Manhattan	263 1 st Ave	212-388-9292
Massapequa	4917 Merrick Rd	516-541-4341
Teaneck, New Jersey	1280 Teaneck Rd	201-574-8700

Franchise Agreements signed but outlets not yet open as of December 31, 2022

Location Name	Address	Phone Number
Yaphank, Long Island	521 Boulevard East	

Family Owned Locations Operating Under a Verbal Agreement to Use Trademark

Location Name	Address	Phone Number
Hicksville	432 S. Oyster Bay Rd	516-681-1857
Bay Shore	555 Montauk Hwy	631-666-1673

List of Franchisees who left the System as of December 31, 2022

None

EXHIBIT G

STATE ADDENDA

**NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE/FRANCHISE
AGREEMENT AND MULTI UNIT AGREEMENT DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.^[11]_{SEP}

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

EXHIBIT H

BAGEL BOSS ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or

implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received Bagel Boss Franchising LLC's Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BAGEL BOSS FRANCHISING LLC, BAGEL BOSS IP LLC, BAGEL BOSS HOLDINGS LLC, ANY OTHER AFFILIATES, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE:
PRINCIPAL:

By: _____

_____,
(Print Name, Title)

Date: _____

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	June 9, 2022
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT H

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Bagel Boss Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Bagel Boss Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Andrew Hazen 1172 S. Dixie Hwy, Suite 335 Coral Gables, FL 33146 516-414-0915	Adam Todd Rosner 1172 S. Dixie Hwy, Suite 335 Coral Gables, FL 33146 516-414-0915	Alex Rosner 1172 S. Dixie Hwy, Suite 335 Coral Gables, FL 33146 516-414-0915
--	--	---

Issuance Date: April 20,2023

I received a Disclosure Document dated April 20,2023, that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments
- EXHIBIT C: Multi-Unit Agreement with Attachments
- EXHIBIT D: Financial Statements of Bagel Boss Franchising LLC
- EXHIBIT E: Operations Manual Table of Contents
- EXHIBIT F: Outlets as of the date of this Disclosure Document
- EXHIBIT G: State Addenda
- EXHIBIT H: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Please return signed receipt to Bagel Boss Franchising LLC
1172 S. Dixie Hwy, Suite 335
Coral Gables, FL 33146

EXHIBIT H

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Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS