**FRANCHISE DISCLOSURE DOCUMENT**

**Bare Blends Franchise, LLC**
A Delaware limited liability company
1475 Western Avenue, Suite 24G
Albany, NY 12203
Phone: (518) 227-0485
franchise@bareblends.com
www.bareblends.com
www.bareblendsfranchise.com

You will establish and operate a fast-casual retail business offering freshly made bowls, smoothies, juices, and related nutritional products made with plant-based, quality, local ingredients under the name Bare Blends (a "Café").

The total investment necessary to begin operation of a Traditional Bare Blends franchised business ranges from $243,283.69 to $435,944. This includes $40,000 that must be paid to the franchisor or an affiliate of franchisor prior to opening. The total investment necessary to begin operation of a Co-Branded Bare Blends franchised business ranges from $219,983.69 to $337,316. This includes $35,000 that must be paid to the franchisor or an affiliate of franchisor prior to opening. The total investment necessary to begin operation of a Bare Blends development business for two to three Traditional Bare Blends franchises ranges from $260,783.69 to $465,944. This includes $57,500 to $70,000 that must be paid to the franchisor or an affiliate of franchisor prior to opening.

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 this 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 governmental agency has verified the information contained in this document**.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jessica Fuller, CEO, at franchise@bareblends.com or (518) 227-0485.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an 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, D.C. 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 5, 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 Exhibits C and D. |
| **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 A 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 Bare Blends business in my area?** | Item 12 and the "territory" provisions in the franchise 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 Bare Blends franchisee?** | Item 20 or Exhibits C and D list 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 the agency information in Exhibit F.

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 Addenda. See the Table of Contents for the location of the State Specific Addenda.

**Special Risks to Consider About *This* Franchise**

Certain states require that the following risk be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. Out-of-state mediation, 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 Delaware than in your own state.

2. 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.

3. You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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## Item 1: The Franchisor, and any Parents, Predecessors, and Affiliates

To simplify the language in this Disclosure Document, "Bare Blends", "we", "our", and "us" means the franchisor, Bare Blends Franchise, LLC. "You" means the individual, corporation, partnership, limited liability company or other business entity which acquires the franchise from us and includes your Owners (as defined below) and principals.

**The Franchisor.**

We are a Delaware limited liability company formed on January 6, 2020. We do business under our corporate name and under the name "Bare Blends". Our principal business address is 1475 Western Avenue, Suite 24G, Albany, NY 12203. Our telephone number is (518) 227-0485 and our websites are www.bareblends.com and www.bareblendsfranchise.com (collectively, with all other all associated web addresses, URLs, websites and web pages, social internet domain names, social media accounts, media sites and pages, and all related content and data, the "Website"). Our agents for service of process are listed on Exhibit G. We do not operate a business substantially similar to the franchise being offered here. We do not participate in any other business activities other than offering Bare Blends franchises for sale and conducting related business matters. We began offering franchises as of the Issue Date of this Disclosure Document and after approval is obtained in New York.

**Our Parents, Predecessors, and Affiliates.**

Our affiliate is Bare Blends LLC, a limited liability company organized under the laws of New York, formed on June 27, 2018. Bare Blends LLC is the current owner of the trademark "Bare Blends" and the IP described below. Bare Blends LLC has operated a Co-Branded Café since November 2018. The principal business address of Bare Blends LLC is the same as ours.

On January 6, 2020, Bare Blends LLC granted us worldwide non-exclusive rights to use and sublicense certain intellectual property including the Proprietary Marks (defined below), copyrights, patents, know-how and trade secrets, owned and developed by Bare Blends LLC as well as any intellectual property developed by us or our affiliates (the "IP"). We sublicense the IP in connection with the sale of Bare Blends franchises as part of a comprehensive system for the operation of a Bare Blends Café offering a menu focusing on freshly made bowls, smoothies, juices, and general nutritional products made with plant-based local ingredients using our recipes, methods, policies, procedures, systems, standards, specifications, know-how, information, training and business relationships, all of which we may revise, change, cancel, alter, amend, further improve, discontinue, develop or otherwise modify, from time to time (the "System").

Bare Blends LLC does not guarantee our obligations. Bare Blends LLC does not currently offer franchises in this line or in any line of business. Bare Blends LLC may provide certain training and support and may promote the Bare Blends name in non-franchise related endeavors.

We do not have any parents, predecessors or other affiliates required to be disclosed in this item except as stated above.

**The Franchise Program.**

Bare Blends is a retail business offering freshly made bowls, smoothies, juices, and general nutritional products made with plant-based, quality, local ingredients, and may also include prepackaged food items; clothing and other wearing apparel; napkins, cups, glasses, dishware or other similar items and supplies that advertise or promote us or our affiliate (the "Products").

We offer qualified purchasers the exclusive right to establish and operate one or both of our two types of franchised Bare Blends Cafés (each, a "Franchise" and collectively, the "Franchises"). You will operate your Franchise from a single location (the "Location") within a specified geographic territory (the "Protected Area"). We offer franchisees the right to operate a traditional Bare Blends Café ("Traditional Café" or "Traditional Franchise") that is separate from any other business and a cobranded Bare Blends Café ("Co-Branded Café" or "Co-Branded Franchise") located either within a health or fitness business or directly adjacent to a health or fitness business. In order to qualify for a Co-Branded Café, you must own the adjacent health or fitness business and must demonstrate a volume level of at least 100 customer visits per day for the last 12 months. If we grant you the right to operate a Co-Branded Franchise, you will also sign the Co-Brand Addendum attached to the Franchise Agreement as Exhibit B (the "Co-Brand Addendum").

The System includes: a menu of healthy Products consisting of plant-based, quality, local ingredients; ingredients and recipes; method of operation; customer service and quality control; trade secrets; technical knowledge; specially designed décor (including color scheme, facility style and signs); business techniques and practices; standardized equipment; quality and consistency standards for Products and services offered; procedures for accounting, inventory control and management; advertising, marketing and promotional programs; as well as the provisions of the Bare Blends operations manuals, as amended from time to time, for the operation of a Bare Blends Franchise. The Franchise Agreement gives you the right to operate the Café under the name and marks "Bare Blends" and other trademarks, trade names, service marks, logos, designs, emblems and other marks and symbols designated by us from time to time (the "Proprietary Marks"). You may host off-site events that offer the Products and/or offer catering and delivery services only with our prior written consent. If you obtain our consent, you must provide the services in accordance with our standards as outlined by us in the Operations Manuals or otherwise.

We may periodically make changes to the System, including changes to the Products offered by the Cafés and the System's methods, standards, signage, equipment, menu items, inventory, ingredients, fittings, décor, and fixture requirements. You may have to make additional investments in the Café periodically during the term of the Franchise Agreement if those kinds of changes are made or for other reasons. All Cafés must be developed and operated to our System specifications and standards. Uniformity of Products offered and the quality, composition and source of the ingredients in our Products is important and you must offer all Products in accordance with our System.

We offer Franchises to qualified corporations, limited liability companies, partnerships or other legal entities. You must sign our form of franchise agreement, in the form attached to this Disclosure Document as Exhibit B, for your Franchise (together with all schedules, addenda, rides and exhibits, the "Franchise Agreement"). If you wish to purchase, and we agree to sell you, additional Franchises, you must sign our then-current form of franchise agreement for any additional Franchise that you wish to purchase. The terms of any then-current franchise agreement may differ from the Franchise offered under this Disclosure Document.

The Franchise Agreement requires you to designate an "Operating Principal". Your Operating Principal must own a majority of the voting and equity interest in the Franchise and will have authority to make all decisions on behalf of the Franchise. You must obtain our approval of your Operating Principal. You must also designate at least one (1) full-time general manager to run the day to day operations of the Café (the "GM"). Your Operating Principal may act as the GM or you may designate a GM, who must complete our initial training program to our satisfaction, but you must obtain our approval in writing of any non-owner GM you appoint. You may also hire additional assistant managers for your Café.

We require your current and future owners and principals ("Owners") to sign a personal guaranty ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures.

You must operate the Café only at the Location and in accordance with the System, standards and procedures designated by us.

**Development Rights Rider.**

We also offer qualified applicants the right to enter into a development rights rider (the "Development Rights Rider"), the form of which is attached to the Franchise Agreement as Exhibit C to develop multiple Traditional Cafés within a specifically described geographic area (the "Development Area") over an agreed upon time period (the "Development Rights"). The size of the Development Area will vary depending upon local market conditions, population density and the number of Cafés to be developed as described in Item 12. The Development Area will be determined before executing the Development Rights Rider and will be described in the Development Rights Rider.

If you sign a Development Rights Rider, you must open the number of Traditional Cafés contemplated by the Development Rights Rider in the Development Area according to a development schedule and must separately enter into our then-current form of franchise agreement for each Traditional Café you establish. The franchise entity that signs the first franchise agreement must be the same entity that signs the Development Rights Rider unless you obtain our prior written consent. Different entities may own and operate subsequent Cafés under the Development Rights Rider, but each Franchise opened under the Development Rights Rider must have the same Operating Principal. The Franchise Agreement for the first Café developed under the Development Rights Rider will be in the form of Exhibit B to this Disclosure Document. For each additional Traditional Café developed under the Development Rights Rider, you must sign the then-current form of franchise agreement.

Any reference to the "Agreements" means the Development Rights Rider and the Franchise Agreement, as applicable.

**Competition.**

The food service and healthy food industries are highly competitive and well established with constantly changing market conditions. They are highly competitive with respect to price, service, location and food quality, and are often affected by changes in consumer tastes, economic conditions, weather conditions where products are grown and sourced, population and traffic patterns. If you open a Bare Blends Franchise, your competition will include similar food service establishments, including health conscious food concepts. Your Café will compete against other food service establishments. In addition, there is active competition for management and food service employees, as well as for attractive commercial real estate sites suitable for Cafés. Your Café will provide products and services to the general public throughout the year. Sales are generally not seasonal.

**Industry Specific Laws.**

The food service industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to food service establishments. However, other laws, rules and regulations have particular applicability to food service businesses. The ADA and state and local equivalent laws and regulations require readily accessible accommodations for disabled persons and therefore may affect your Café construction, entrances and exits, doors and restrooms.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and food service establishment sanitary conditions. The Federal Government and state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Café, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Location, (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for kitchens and food preparation areas, employee practices concerning the storage, handling, and preparation of food, restrictions on smoking and availability of and requirements for public accommodations, including restrooms, (c) set standards pertaining to employee health and safety, (d) set standards and requirements for fire safety and general emergency preparedness, (e) regulate food labeling, nutritional labeling standards and health claims that are made by a business, and (f) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Café and should consider both their effect and cost of compliance. You must also comply with, and obtain, the ServSafe certifications outlined in the Operations Manuals (as defined in Item 8).

You must comply with the Payment Card Industry Data Security Standard ("PCI DSS") established by major credit card brands to ensure that merchants securely store, process, and transmit customer credit information.

You must comply with all laws and regulations pertaining to the operation of a food service business as well as all those laws and regulations applicable to businesses in general, including those described above and zoning laws, labor laws, workers' compensation laws, business licensing laws and tax regulations. You are advised to examine all applicable laws and regulations carefully with a qualified advisor before purchasing a Franchise from us and should consider these laws and regulations when evaluating your purchase of a Franchise. You alone are responsible for investigating, understanding and complying with all applicable laws, regulations and requirements applicable to you and your Franchise, despite any advice or information that we may give you. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

We recommend that you make your own independent investigation to determine whether or not the Franchise may be profitable to you.

## Item 2: Business Experience

**Jessica Fuller – Chief Executive Officer**

Ms. Fuller is our CEO, and has held this position since our formation and operates out of our principal location in Albany, New York. Ms. Fuller has served as and continues to serve as (a) Co-Owner/Co-Founder of Bare Blends LLC in Albany, New York since June 2018; (b) Owner of the Hot Yoga Spot Franchise, LLC in Albany, New York from June 2018 to June 2021; (c) Owner of Albany Hot Yoga, LLC in Albany, New York since December 2010; (d) Majority Partner of Clifton Park Hot Yoga, LLC in Clifton Park, New York since October 2012; (e) Owner of Troy Hot Yoga, LLC in Latham, New York since March 2014; (f) Owner of Saratoga Hot Yoga, LLC in Saratoga Springs, New York since October 2015; (g) co-owner of Bare Blends Clifton Park LLC in Clifton Park, New York since 2021; and (h) co-owner of Bare Blends Latham LLC in Latham, New York since 2021. Additionally, Ms. Fuller served as the Majority Partner of Binghamton Hot Yoga, LLC in Binghamton, New York from March 2018 to June 2019.

**Ann-Marie Berdar – Chief Operating Officer and President**

Ms. Berdar is our COO and President, and has held the position since our formation and operates out of our principal location in Albany, New York. Ms. Berdar has served as and continues to serve as the (a) Co-Owner/Co-Founder of Bare Blends LLC in Albany, New York since June 2018; (b) co-owner of Bare Blends Clifton Park LLC in Clifton Park, New York since 2021; and (c) co-owner of Bare Blends Latham LLC in Latham, New York since 2021. Ms. Berdar has been an instructor at THYSF in Albany, New York since January 2017. From September 2014 to May 2018, Ms. Berdar was an undergraduate student researcher at The College of St. Rose School of Math and Science and at The Albert Einstein College of Medicine in The Bronx, New York.

## Item 3: Litigation

No litigation is required to be disclosed in this Item.

## Item 4: Bankruptcy

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

## Item 5: Initial Fees

Initial Franchise Fee.

The initial franchise fee for the right to develop and operate one Traditional Café is $40,000 ("Traditional Café Initial Franchise Fee"). The initial franchise fee for the right to develop and operate one Co-Branded Café is $35,000 ("Co-Branded Café Initial Franchise Fee").

You will pay the Traditional Café Initial Franchise Fee or Co-Branded Café Initial Franchise Fee (as applicable) in full at the time you sign your Franchise Agreement. Except as outlined above, the Traditional Café Initial Franchise Fee (or Co-Branded Café Initial Franchise Fee (as applicable)) is uniform for all similarly situated franchisees, is deemed fully earned upon payment and, in consideration of administrative and other expenses we incur in granting this Franchise and for our lost or deferred opportunity to offer the Franchise to others, and is nonrefundable under any circumstances.

If you are majority-owned by a qualified U.S. veteran and you purchase a Franchise, we will reduce your Initial Franchise Fee by ten percent (10%). During the most recent fiscal year end, we reduced the Initial Franchise Fee once for a family member who purchased a franchise.

Development Fee.

Under the Development Rights Rider, you must pay a development fee equal to $40,000 for the first Café, $35,000 for the second Café, plus $25,000 for each additional Café after the second Café we grant you the right to open (collectively, the "Development Fee").

The Development Fee is paid as follows:

A. upon signing the Development Rights Rider you will pay (i) $40,000, which covers the entire portion of the Development Fee applicable to your first Café, plus (ii) a $17,500 reservation fee for your second Café, plus (iii) a $12,500 reservation fee for your third and each subsequent Café (collectively, the "Development Deposit"); and

B. $17,500 upon the execution of the additional franchise agreement (in its then-current form) for your second Café; and

C. $12,500 upon the execution of the additional franchise agreement (in its then-current form) for your third Café.

The Development Fee is not refundable under any circumstances even if you do not open the required Cafés. In order to take advantage of this discount, you must commit to purchase all Cafés at the same time and pay the Development Deposit above upon signing the Development Rights Rider. You will not be required to pay any additional "initial franchise fee" for Cafés opened pursuant to the Development Rights Rider outside of the Development Fee outlined above.

The Development Fee is uniform for all franchisees, is deemed fully earned upon payment and, in consideration of administrative and other expenses we incur in granting the development offering and for our lost or deferred opportunity to offer the development offering to others, and is nonrefundable under any circumstances.

Initial Training.

Prior to opening your Café you must also complete our initial training program. Training for your Operating Principal and GM is included in the Initial Franchise Fee (for a total of two (2) attendees). At our option, this training will occur in Albany, New York or another location designated by us. You are solely responsible for all costs and expenses, including wages, travel and lodging of yourself and your attendees. We may provide initial training to additional personnel at any of our scheduled initial training courses at our then-current fee upon commencement of the training program at your request and subject to our availability. The current initial training fee for additional attendees is $500 per person, per week.

There are no other payments to or purchases from us or our affiliates that you must make before your Café opens.

## Item 6: Other Fees

**OTHER FEES[1]**

| Type of fee | Amount | Due date | Remarks |
|---|---|---|---|
| Royalty Fee | 5% of total Net Sales. (2) | Payable weekly on or before the Tuesday of each week based on Net Sales for the previous week running from Monday through Sunday. | The royalty fee ("Royalty Fee") is payable to us by ACH electronic funds transfer or other manner we designate. |
| Brand Fund Contribution | 1% of total Net Sales. | Payable at the same time and in the same manner as the Royalty Fee. | The brand fund contribution ("Brand Fund Contribution") is payable directly to the Brand Fund ("Brand Fund") by ACH electronic funds transfer or other manner we designate. We may increase the Brand Fund Contribution in an amount not to exceed 3% of total Net Sales. |
| Technology Fee | $75 per month | Payable with the first Royalty Fee and Brand Fund Contribution each month. | The technology fee covers the cost of website development and maintenance, support of our email system and Social Media Materials and Social Media Platforms (as defined in Item 11). We reserve the right to increase this fee upon 30 |

| Type of fee | Amount | Due date | Remarks |
| --- | --- | --- | --- |
| | | | days' notice to you if we develop or introduce new technology, improve existing technology or if our costs or supplier pricing increases. |
| Local Advertising Requirement | At least $600 per month. | As incurred. | For the first 6 months you must use our required marketing firm. You may pay the Local Advertising Requirement either to us or submit it directly to our marketing firm to conduct your local advertising.<br><br>After 6 months, you can continue to use our marketing firm otherwise you will pay the Local Advertising Requirement to third parties. You must submit evidence of these expenditures on a monthly basis. See Item 11. We may reduce the Local Advertising Requirement based on the Net Sales of your Café, as further outlined in the Operations Manuals. |
| Advertising Cooperative | 1% of total Net Sales.<br><br>We reserve the right to raise 3% of total Net Sales. | Payable at the same time and in the same manner as the Royalty Fee. | If a Cooperative is established which encompasses your Protected Area, you will automatically and immediately become a member of the Cooperative and you must agree to contribute to the Cooperative the amount agreed upon by a majority of the members of the Cooperative, to pay that amount to the Cooperative at the times agreed upon by a majority of the members, and to abide by the Cooperative's rules. The payments you make to a Cooperative may be applied by you toward satisfaction of your Local Advertising Requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally. |

| Type of fee | Amount | Due date | Remarks |
|---|---|---|---|
| Continuing Training | You are responsible for both you and your trainees' expenses including travel, lodging, meals and applicable wages. | Prior to continuing training. | Continuing training sessions are mandatory for your Operating Principal and GM. There is no fee for continuing training.<br>You may request that additional personnel attend continuing training, which will be provided at no charge (if there is room in an already scheduled continuing training course). |
| Additional Training or Mandatory Remedial Training Fee | Our current fee is $500 per week, per person. You are responsible for both you and your trainees' expenses including travel, lodging, meals and applicable wages. | Prior to additional or remedial training. | Additional Training is training requested by you in addition to Initial Training (as defined in Item 11) and Continuing Training or training we require (a) upon renewal of your Franchise Agreement or (b) upon a change in your Operating Principal or GM.<br>Remedial Training is additional training we determine is necessary or appropriate in our sole discretion to protect the quality, integrity and reputation of the System, Proprietary Marks and IP.<br>The fee for additional training or remedial training is paid to us. |
| On-Site Assistance or Training | Our per diem cost per trainer (currently $500 per week, per trainer) plus expenses. | Prior to our arrival on-site. | Payable to us if you request that we provide additional training on-site at your Café or if we require you to participate in remedial training on-site at your Café. The expenses you must reimburse to us include travel, lodging and meals. |
| In Person Location Selection Assistance | Our travel costs and expenses. | On demand. | We do not charge a fee for providing assistance in person to assist in the selection of your Location, but you must pay our travel costs and expenses. |
| Mystery Shopper or Secret Customer Program Fee | Our costs and expenses. | When billed. | You must reimburse us for our actual out-of-pocket expenses. |
| Reimbursement Fee | Reimbursement amount paid plus an additional ten percent (10%) of the amount as an administrative charge. | The reimbursement fee is due to us within fifteen (15) days' of invoice by us. | If there is any instance where you owe to an Approved Supplier or other third party, we may the due amount on your behalf. |
| Reporting Non-Compliance Fee | $150 per violation | As incurred. | If there is any instance of non-compliance with System Standards, you will pay us a non-compliance fee. If such non-compliance is ongoing, we may charge you One Hundred Fifty Dollars ($150) per week until you cease such non-compliance. The non-compliance fee is in addition to all of our other rights and remedies. |
| Operations Non-Compliance Fee | $450 to $1,000 per occurrence. | As incurred. | If there is an instance of non-compliance for failure to comply with operational standards as required and specified under the Franchise |

| Type of fee | Amount | Due date | Remarks |
|---|---|---|---|
| | | | Agreement, you will pay us an operations non-compliance fee, plus interest, costs and legal fees. |
| Annual Meeting and Conference | You are responsible for both you and your attendees' expenses including travel, lodging, meals and applicable wages. | As incurred. | We do not currently hold an annual conference but we may do so in the future. If we do, then you are responsible for your attendees' associated expenses, including all travel, food and lodging expenses that you and your personnel incur in attending the annual meeting or conference. |
| Renewal Fee | The greater of (i) $10,000 or (ii) 25% of then-current initial franchise fee. | Payable prior to renewal. | Payable to us as a condition of the renewal of your Franchise along with other conditions for renewal. |
| Transfer Fee | The greater of (i) $20,000 or (ii) 50% of then-current initial franchise fee. | Payable upon transfer. | Payable to us if you transfer your Franchise or your interest in your Franchise. We may waive a portion of this fee upon a transfer resulting from your death or disability or a transfer to an immediate family member (spouse, child, parent or sibling). We will also waive this fee if you execute the Franchise Agreement as an individual and transfer it to an entity wholly-owned by you prior to opening. |
| Relocation Fee | Our costs and expenses associated with the relocation. | As incurred. | If you relocate your Café you must pay us any costs we incur in assisting you with the relocation including salary and travel expenses, professional fees, demographic reports and other costs. |
| Accounting/Audit Fee (3) | Cost and expenses of audit plus interest on any underpayments at the lower of 1.5% per month or the highest rate available by law. | When incurred. | Payable if audit shows an underpayment of 2% or more of Net Sales for any time period. |
| Interest on Overdue Amounts | The lower of 1.5% interest per month or the highest rate available by law on the past due amount. | First day of late period. | Interest is due on all overdue payments. Interest accrues from the original due date until payment is received in full. |
| Management Fee | 20% of Net Sales, plus expenses. | Payable weekly out of Café proceeds. | The Management Fee is paid to us. In addition to our right to terminate the Franchise Agreement, we may manage and operate your Café if you fail to cure a default within the applicable cure period (if applicable). We also have the right to step in and operate your Café in certain circumstances, including your death, disability or prolonged absence where you are unable to provide oversight of the Franchise to prevent harmful interruption of your Café.<br><br>The reimbursable expenses include our and our representatives' wages, travel, lodging and meals. During any management period, you will |

| Type of fee | Amount | Due date | Remarks |
|---|---|---|---|
| | | | still be required to pay to us all recurring fees. |
| Insurance | The premium plus 20% of the premium | When incurred. | If you fail to maintain the required insurance, we have the right, but not the obligation, to procure insurance on your behalf and you must reimburse us the premium payment plus a fee of 20% of the premium to cover our costs. |
| Testing or Supplier Approval Fee | Our costs and expenses. | When billed. | You must reimburse us for our actual out-of-pocket expenses in order to approve alternative suppliers requested by you. |
| Indemnification | Amount will vary under the circumstances. | Date incurred. | You must reimburse us and/or our affiliate if we incur liability as a result of the operation of your Café. |
| Costs of Enforcement and Defense | Amount will vary under the circumstances. | Date incurred. | You must pay our costs and attorneys' fees if we must take action to enforce your obligations to us. |
| Insufficient Funds Fee | $50 per violation. | On demand. | If the bank account you designate for payment of the Royalty Fee, Brand Fund Contribution and Technology Fee does not contain sufficient funds to make any payments, you must pay us a fee of $50 per incident. |
| Reimbursement of Taxes | Will vary. | As incurred. | We reserve the right to require you to reimburse us for any future tax obligations on Royalty Fees, Brand Fund Contributions and other fees. This does not include any responsibility to reimburse us for any of our income taxes. |
| POS Software License Fee | Currently, $250 per month.<br>We reserve the right to increase this fee based on the services used. | Monthly | You must pay our designated third-party provider a monthly fee associated with the use of the POS System as required by the third-party. We have the right to increase this fee based on costs, the scope of services used and third-party provider increases. |

1. Unless otherwise indicated above, all fees and expenses are imposed and collected by and are paid to us. All fees and expenses are non-refundable and uniformly imposed for all franchisees. We will automatically draft Royalty Fees and any additional fees due to us from your bank account according to the terms of the Franchise Agreement. Currently, franchisor-owned outlets do not have any voting power with respect to fees imposed by cooperatives.

2. "Net Sales" means the total selling price of all services and Products, other products and all revenue and income of any kind relating to your Café including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Café, proceeds as a result of any business interruption insurance policy you carry; 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 conducted in compliance with or in violation of the terms of the Franchise Agreement, or whether such sale is at the Café 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. Net 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 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 Net Sales; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Net Sales for the purpose of determining the amount of Net Sales upon which fees are due.

3. We have the right to examine or audit your books, records, state sales tax returns and accounts. If an audit establishes that your Royalty Fee reports, Brand Fund Contribution reports or profit and loss statements have understated Net Sales for any period of time by two percent (2%) or more, then you must pay the audit's cost and our expenses, including the travel, fees, wages, lodging and meal expenses of the persons who conduct the audit. Otherwise, we pay the cost of the audit. You must promptly pay us any Royalty Fee, Brand Fund Contribution or other deficiencies established by an audit, together with interest on all understated or past-due amounts. Interest is the lower of one and one-half percent (1.5%) per month or the highest rate allowed by law.

## Item 7: Estimated Initial Investment

**TABLE A – TRADITIONAL BARE BLENDS**

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of expenditure (1) | Amount | | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee (2) | $40,000 | $40,000 | Lump Sum | At Signing of Franchise Agreement | Us |
| Real Estate Deposits (3) | $2,000 | $5,500 | As needed | As arranged | Lessor |
| Utility Deposits (4) | $700 | $1,000 | As arranged | As arranged | Vendors |
| Leasehold Improvements Furniture, Fixtures, Furnishings and Décor (5) | $53,700 | $185,000 | As arranged | As arranged | Contractor, Architect and other Vendors |
| Grand Opening Advertising (6) | $7,500 | $7,500 | Paid to us directly at initial fee payment and held by us. | At Signing of Franchise Agreement | Us. We will use the entirety of the payment to market your store for Grand Opening. |
| Equipment (7) | $45,000 | $72,355 | As arranged | When purchased | Distributor |
| Computer System and POS System (8) | $1,626 | $5,400 | Paid to Vendors | Prior to Opening | Vendors |

| Type of expenditure (1) | Amount | | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Insurance (9) | $1,300 | $2,400 | As arranged | As arranged | Insurers |
| Signage (10) | $5,000 | $9,789 | As arranged | As arranged | Vendors |
| Initial Inventory (11) | $14,637.69 | $18,500 | Paid to Vendors | Prior to Opening | Vendors |
| Licenses and Permits (12) | $80 | $1,000 | As arranged | As arranged | Licensing authorities |
| Professional Fees (13) | $2,500 | $6,000 | As arranged | As arranged | Attorneys, accountants and advisors |
| Training Expenses (14) | $1,720 | $2,200 | As arranged | As arranged | Vendors |
| Printing, Stationary and Office Supplies (15) | $1,100 | $1,500 | As arranged | As arranged | Vendors |
| Design Services & Travel Expenses (16) | $3,000 | $4,000 | As arranged | As arranged | Interior designer |
| Additional Funds (3 months) (17) | $63,420 | $73,800 | As needed | As needed | Various |
| TOTAL (18) | $243,283.69 | $435,944 | | | |

Notes to Table A:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. Initial Franchise Fee. The Initial Franchise Fee for a Traditional Café is discussed in Item 5.

3. Real Estate Deposits. You will need approximately 1,000 to 2,000 square feet of space to operate a Traditional Café. The cost per square foot of commercial space varies considerably depending upon the location and the market conditions affecting commercial property including real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs, among others. Lease terms are individually negotiated and may vary materially from one (1) location or transaction to another. The estimate does not include typical landlord's requirement that a lessee pay the first month's rent and one month's rent, as a security deposit upon execution of the lease. If you must pay rent during a build-out and construction phase before opening and/or a real estate agent/broker fee, your costs will be higher. This estimate assumes that you will lease and not own the

Location of your Traditional Café. If you purchase real estate, your costs will be higher. This estimate is based on a location in a suburban environment. If your Traditional Café is located in an urban environment, then your costs will be higher.

4. Utility Deposit. We estimate that you will have to pay deposits on utilities and phones. Utility deposits will vary based on your creditworthiness, location and other factors.

5. Leasehold Improvements, Furniture, Fixtures, Furnishings and Décor. The amounts include labor and construction (including your general contractor fees), costs and expenses for the improvement of a Location premises with the approximate amount of square footage described in Note 3 above. You will need to comply with all specifications we require for your Traditional Café. Your actual costs may vary considerably depending on the size of the Traditional Café, the cost of local financing and other local conditions, including labor, material costs and architectural and construction fees. Estimates are based on a site obtained in a "vanilla box" condition. The cost of leasehold improvements can vary significantly, depending upon such factors as: (1) whether pre-construction demolition of existing walls and partitions is required, (2) whether the space was previously used as a similar establishment and already contains facilities required by code, such as a fire extinguisher system, (3) whether, and to what extent, your landlord will provide a finish-out allowance, and (4) regional differences in material and labor costs. We have not estimated the costs to purchase and renovate an existing building or the costs of new construction. We do not build free standing Traditional Cafés from the ground up. Should you desire to do so and should we provide our consent to this, your costs will be higher. Site development costs include the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting, etc. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants and these amounts are not included in the above figure. Costs can be higher if soil problems or other environmental issues are encountered and the ranges do not include potential government imposed "impact fees." These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc. This estimate also includes furniture and fixtures consisting of a display fridge, stools, tile, counter, and other décor which you must purchase from us or third parties, as well as tables, chairs and other furniture to complete the dining area for your Traditional Café.

6. Grand Opening Advertising. You are required to spend at least $7,500, from the period beginning no earlier than sixty (60) days prior to the opening of the Traditional Café and ending no later than ninety (90) days after the opening of the Traditional Café for advertising to promote the opening of the Traditional Café. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include off-site events (with our consent), digital advertising, print advertising, grand opening events, and food giveaways, which we must pre-approve in writing.

7. Equipment. This estimate includes equipment consisting of a single and two door fridges, double door freezers, ice machine, Vitamixes, sandwich stations, food processor, water filters, and various small wares, which you must purchase from third parties. This estimate assumes that you purchase all such equipment. Some of this equipment can be leased, and if you choose to do so, your costs may vary. This amount will vary based on the size of the Location and the amount of equipment you will need. Smaller Locations will have a more limited menu and space, therefore there will be less equipment to purchase.

8. POS and Kiosk System. We require that you purchase a point of sales system with associated credit card reader and receipt printer. We also recommend you purchase two self-serve kiosks for your store. This fee assumes that you already own a computer, printer and scanner in a home office or for your store that you can use for accounting and running reports. Most locations will only need to purchase one point of sales system with associated credit card reader and receipt printers, but you can decide if you need to purchase additional for your Location.

9. Insurance. The insurance estimate is for the cost of deposit in order to obtain the minimum required liability insurance. The cost of coverage will vary based upon the geographic area in which your Traditional Franchise will be located, your risk management policies, the size and condition of your premises, anticipated revenue and customers and your and your personnel's years of experience in the industry, your deductible and limits, among other factors. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry. This estimate represents one (1) month of premiums and assumes you will not be required to prepay the annual premium. The policies include (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Franchise for full replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit; (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and (v) Workers Compensation coverage as required by state law. You must show proof of coverage, meeting the insurance requirements outlined in the Franchise Agreement and Operations Manuals (as defined in Item 8) and you must name us as additional insureds. We reserve the right to reject an insurance certificate and endorsements that you provide if it does not meet the required limits or standards of quality if, in our sole opinion, the insurance does not sufficiently protect us, you or your customers.

10. Signage. Signage will include, but not be limited to, an exterior sign, interior signage such a logo graphics for windows and interior brand identification. This estimate reflects the approximate cost of the signage required under the Franchise Agreement. The cost of the signs depend on the size and location of your Traditional Café, the particular requirements of the landlord, local and state ordinances and zoning requirements, and the type of exterior façade signage required.

11. Initial Inventory. You must stock the Traditional Café with an initial inventory of food and beverage products and ingredients, accessories, and supplies. These figures reflect the basic cost of food, beverages, products, cups, bowls, trays, sleeves and paper related items associated with opening the Traditional Café. The initial inventory is estimated as sufficient to cover initial supplies for the first two (2) weeks of operation. Ongoing inventory purchases are included in the Additional Funds category.

12. Licenses and Permits. You must obtain the operational licenses and permits required by applicable federal, state and local law. All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement. Building permits are not included in this item as they have been accounted for in the Leasehold Improvements line item.

13. Professional Fees. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advice consistent with the start-up of a franchised business including the formation of the entity that will own the Traditional Café. 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 Traditional Franchise. The high end of this range assumes you will hire an architect in connection with the opening of your Traditional Café.

14. Training Expenses. We provide instructors and instructional materials for the initial training and do not charge a fee for Initial Training (as defined in Item 11) for your Operating Principal and GM or one (1) other trainee if your Operating Principal is your GM but you will need to arrange for transportation to Albany, New York, or another location in the United States designated by us and pay for all expenses for your attendees including lodging, food and any wages. The cost will vary depending on the distance you

and your attendees must travel and the type of accommodations you choose. This estimate does not include the labor costs associated with your attendees' attendance at Initial Training. This estimate includes the cost for ServSafe Training for your Operating Principal.

15. Printing, Stationary and Office Supplies. These figures reflect the basic cost of bags, stickers, banners, gift cards, business cards and other related items bearing the Proprietary Marks associated with opening the Traditional Café.

16. Design Services & Travel Expenses. These figures reflect the estimated cost to be paid to the interior designer to help design the interior of the Traditional Café.

17. Additional Funds. The estimate of additional funds is based on an approximation of expenses for the first three (3) months of operation, not including your owner's salary/draw and non-management expenses. We relied on the experience of our affiliate-owned outlets and franchise outlets located in Colorado and New York to compile this estimate. Additional working capital may be necessary during this initial three (3) month phase or at any time after the initial three (3) months. The additional funds required will vary by: (i) your area; (ii) how much you follow our methods and procedures; (iii) your management skill, experience and business acumen; (iv) local economic and market conditions; (v) the local market for your Products; (vi) competition; (vii) sales levels; and (viii) the prevailing wage rate in the first three (3) months of operation. This estimate includes expenses such as ongoing inventory purchases, insurance premiums, rent, utilities, payroll, royalties, brand fund contributions and other advertising expenses as offset by the revenue you receive from operations. This estimate does not include your living expenses. Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business and your costs may be higher.

18. TOTAL. You should not assume that you can open your Traditional Café for the lowest estimates in all categories. We relied on the experience of our affiliate-owned outlets and franchise outlets located in Colorado and New York to compile this estimate. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee. You should review these figures carefully with a business advisor before deciding to purchase the Traditional Franchise. We do not offer financing directly or indirectly for any part of the initial investment.

**TABLE B – CO-BRANDED BARE BLENDS**

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of expenditure (1) | Amount | | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee (2) | $35,000 | $35,000 | Lump Sum | At Signing of Franchise Agreement | Us |
| Real Estate Deposits (3) | $0 | $5,500 | As needed | As arranged | Lessor |
| Utility Deposits (4) | $0 | $700 | As arranged | As arranged | Vendors |

| Type of expenditure (1) | Amount | | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Leasehold Improvements Furniture, Fixtures, Furnishings and Décor (5) | $40,300 | $95,000 | As arranged | As arranged | Contractor, Architect and other Vendors |
| Grand Opening Advertising (6) | $7,500 | $7,500 | Paid to us directly at initial fee payment and held by us. | At Signing of Franchise Agreement | Us. We will use the entirety of the payment to market your store for Grand Opening. |
| Equipment (7) | $45,000 | $72,355 | As arranged | When purchased | Distributor |
| Computer System and POS System (8) | $1,626 | $5,400 | Paid to Vendors | Prior to Opening | Vendors |
| Insurance (9) | $100 | $300 | As arranged | As arranged | Insurers |
| Signage (10) | $5,000 | $7,561 | As arranged | As arranged | Vendors |
| Initial Inventory (11) | $14,637.69 | $18,500 | Paid to Vendors | Prior to Opening | Vendors |
| Licenses and Permits (12) | $80 | $1,000 | As arranged | As arranged | Licensing authorities |
| Professional Fees (13) | $1,500 | $6,000 | As arranged | As arranged | Attorneys, accountants and advisors |
| Training Expenses (14) | $1,720 | $2,200 | As arranged | As arranged | Vendors |
| Printing, Stationary and Office Supplies (15) | $1,100 | $1,500 | As arranged | As arranged | Vendors |
| Design Services & Travel Expenses (16) | $3,000 | $4,000 | As arranged | As arranged | Interior designer |
| Additional Funds (3 months) (17) | $63,420 | $73,800 | As needed | As needed | Various |
| TOTAL (18) | $219,983.69 | $336,316 | | | |

Notes to Table B:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. Initial Franchise Fee. The Initial Franchise Fee for the Co-Branded Café is discussed in Item 5.

3. Real Estate Deposits. You will need approximately 700 to 1,000 square feet of space to operate a Co-Branded Café. The cost per square foot of commercial space varies considerably depending upon the location and the market conditions affecting commercial property including real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor. Factors that typically affect your real estate costs include your cost to negotiate your lease (or buy the property), fair market lease values and lease terms in your area, how the costs to renovate or develop the land, building and other site improvements are allocated between landlord and tenant and interest costs, among others. Lease terms are individually negotiated and may vary materially from one (1) location or transaction to another. The estimate does not include typical landlord's requirement that a lessee pay the first month's rent and one month's rent as a security deposit upon execution of the lease. If you must pay rent during a build-out and construction phase before opening and/or a real estate agent/broker fee, your costs will be higher. This estimate assumes that you will lease and not own the Location of your Co-Branded Café. If you purchase real estate, your costs will be higher. This estimate is based on a location in a suburban environment. If you choose a site for your Co-Branded Café in an urban environment, your costs will be higher. The low end of this estimate assumes the Co-Branded Café will be placed in an existing space and you will not incur any additional costs with respect to additional lease deposits.

4. Utility Deposit. We estimate that you will have to pay deposits on utilities and phones. Utility deposits will vary based on your creditworthiness, location and other factors. The low end of this estimate assumes the Co-Branded Café will be placed in an existing space and you will not incur any additional costs with respect to additional utility deposits.

5. Leasehold Improvements, Furniture, Fixtures, Furnishings and Décor. The amounts include labor and construction (including your general contractor fees), costs and expenses for the improvement of a Location premises with the approximate amount of square footage described in Note 3 above. These estimates assume your Co-Branded Café will be located within or immediately adjacent to another fitness facility as required as a condition to us offering you the right to operate a Co-Branded Café. You will need to comply with all specifications we require for your Co-Branded Café. Your actual costs may vary considerably depending on the size of the Co-Branded Café, how efficiently you can adapt the space within or adjacent to your current fitness facility, the cost of local financing and other local conditions, including labor, material costs and architectural and construction fees. The cost of leasehold improvements can vary significantly, depending upon such factors as: (1) whether pre-construction demolition of existing walls and partitions is required, (2) whether the space was previously used as a similar establishment and already contains facilities required by code, such as a fire extinguisher system, (3) whether, and to what extent, your landlord will provide a finish-out allowance, and (4) regional differences in material and labor costs. Because Co-Branded Cafés are located within or adjacent to an existing facility, we have not estimated the costs to purchase and renovate an existing building or the costs of new construction. Site development costs include the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting, etc. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants and these amounts are not included in the above figure. Costs can be higher if soil problems or other environmental issues are encountered and the ranges do not include potential government imposed "impact fees." These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc. This estimate also includes furniture and fixtures consisting of a display fridge, stools,

tile, counter, and other décor which you must purchase from us or third parties, as well as tables, chairs and other furniture to complete the dining area for your Co-Branded Café.

6. Grand Opening Advertising. You are required to spend at least $7,500, from the period beginning no earlier than sixty (60) days prior to the opening of the Co-Branded Café and ending no later than ninety (90) days after the opening of the Co-Branded Café for advertising to promote the opening of the Co-Branded Café. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include off-site events (with our consent), digital advertising, print advertising, grand opening events, and food giveaways, which we must pre-approve in writing.

7. Equipment. This estimate includes equipment consisting of a single and two door fridges, double door freezers, ice machine, Vitamixes, sandwich stations, food processor, water filters, and various small wares, which you must purchase from us or third parties. This estimate assumes that you purchase all such equipment. Some of this equipment can be leased, and if you choose to do so, your costs may vary. This amount will vary based on the size of the Location and the amount of equipment you will need.

8. POS and Kiosk System. We require that you purchase a point of sales system with associated credit card reader and receipt printer. We also recommend you purchase two self-serve kiosks for your store. This fee assumes that you already own a computer, printer and scanner in a home office or for your store that you can use for accounting and running reports. Most locations will only need to purchase one point of sales system with associated credit card reader and receipt printers, but you can decide if you need to purchase additional for your Location.

9. Insurance. The insurance estimate is for the cost of deposit in order to obtain the minimum required liability insurance. The cost of coverage will vary based upon the geographic area in which your Co-Branded Franchise will be located, your risk management policies, the size and condition of your premises, anticipated revenue and customers, your and your personnel's years of experience in the industry, your deductible and limits, and potentially your loss history and claims experience with your existing business, among other factors. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry. This estimate represents one (1) month of premiums and assumes you will not be required to prepay the annual premium. The policies include (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit; (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and (v) Workers Compensation coverage as required by state law. You must show proof of coverage, meeting the insurance requirements outlined in the Franchise Agreement and Operations Manuals (as defined in Item 8) and you must name us as additional insureds. We reserve the right to reject an insurance certificate/endorsements that you provide if it does not meet the required limits or standards of quality if, in our sole opinion, the insurance does not sufficiently protect us, you or your customers.

10. Signage. Signage will include, but not be limited to, an exterior sign, interior signage such a logo graphics for windows and interior brand identification. This estimate reflects the approximate cost of the signage required under the Franchise Agreement. You are required to install an exterior sign unless you receive our prior written consent. The cost of the signs depends on the size and location of your Co-Branded Café, the particular requirements of the landlord, local and state ordinances and zoning requirements, and the type of exterior façade signage required.

11. Initial Inventory. You must stock the Co-Branded Café with an initial inventory of food and beverage products and ingredients, accessories, and supplies. These figures reflect the basic cost of food, beverages, products, cups, bowls, trays, sleeves and paper related items associated with opening the Co-Branded Café. The initial inventory is estimated as sufficient to cover initial supplies for the first two (2) weeks of operation. Ongoing inventory purchases are included in the Additional Funds category.

12. Licenses and Permits. You must obtain the operational licenses and permits required by applicable federal, state and local law. All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement. Building permits are not included in this item as they have been accounted for in the Leasehold Improvements line item.

13. Professional Fees. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advice consistent with the start-up of a franchised business including the formation of the entity that will own the Co-Branded Café. 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. The high end of this range assumes you will hire an architect in connection with the opening of your Co-Branded Café.

14. Training Expenses. We provide instructors and instructional materials for the initial training and do not charge a fee for Initial Training (as defined in Item 11) for your Operating Principal and GM or one (1) other trainee if your Operating Principal is your GM but you will need to arrange for transportation to Albany, New York, or another location in the United States designated by us and pay for all expenses for your attendees including lodging, food and any wages. The cost will vary depending on the distance you and your attendees must travel and the type of accommodations you choose. This estimate does not include the labor costs associated with your attendees' attendance at Initial Training. This estimate includes the cost for ServSafe Training for your Operating Principal.

15. Printing, Stationary and Office Supplies. These figures reflect the basic cost of bags, stickers, banners, gift cards, business cards and other related items bearing the Proprietary Marks associated with opening the Co-Branded Café.

16. Design Services & Travel Expenses. These figures reflect the estimated cost to be paid to the interior designer to help design the interior of the Traditional Café.

17. Additional Funds. The estimate of additional funds is based on an approximation of expenses for the first three (3) months of operation, not including your owner's salary/draw and non-management expenses. We relied on the experience of Bare Blends LLC, which owns and operates a Bare Blends Co-Branded Café in Albany, New York, to compile this estimate. These figures are merely estimates and there is no assurance that additional working capital will not be necessary during this initial three (3) month phase or at any time after the initial three (3) months. The additional funds required will vary by: (i) your area; (ii) how much you follow our methods and procedures; (iii) your management skill, experience and business acumen; (iv) local economic and market conditions; (v) the local market for your Products; (vi) competition; (vii) sales levels; and (viii) the prevailing wage rate in the first three (3) months of operation. This estimate includes expenses such as ongoing inventory purchases, insurance premiums, rent, utilities, payroll, royalties, brand fund contributions and other advertising expenses as offset by the revenue you receive from operations. This estimate does not include your living expenses. Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business and your costs may be higher.

TOTAL. You should not assume that you can open your Co-Branded Café for the lowest estimates in all categories. We relied on the experience of Bare Blends LLC, which owns and operates a Bare Blends Co-Branded Café in Albany, New York to compile these estimates. Bare Blends LLC has operated its Co-Branded Café since November 2018. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee. You should review these figures carefully with a business advisor before deciding to purchase the Franchise. We do not offer financing directly or indirectly for any part of the initial investment.

**TABLE C - DEVELOPMENT RIGHTS RIDER**

**YOUR ESTIMATED INITIAL INVESTMENT**

| **Type of expenditure (1)** | **Amount** | | **Method of payment** | **When due** | **To whom payment is to be made** |
|---|---|---|---|---|---|
| | Low | High | | | |
| Development Deposit (2) | $57,500 | $70,000 | Lump Sum | At Signing of Development Rights Rider | Us |
| Costs to Open First Traditional Café (3) | $203,283.69 | $395,944 | As needed | As arranged | Lessor, Vendors, Approved Suppliers, etc. |
| TOTAL (4) | $260,783.69 | $465,944 | | | |

Notes to Table C:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. Development Deposit. The Development Deposit and Development Fee is discussed in Item 5. The low end of this estimate is the Development Deposit for the right to open and operate two (2) Traditional Cafés and the high end of this estimate is the Development Deposit for the right to open and operate three (3) Traditional Cafés. You will not be required to pay any additional “initial franchise fee” for Traditional Cafés opened pursuant to the Development Rights Rider outside of the second payment required for each Traditional Café to cover the remainder of the Development Fee. The range above does not include the second and third payment of the Development Fee because those payments will not be made prior to opening the first Traditional Café under the terms of the Development Agreement.

3. Costs to Open First Traditional Café. This figure represents the total estimated initial investment required to open the first Traditional Café under your first Franchise Agreement, minus the Initial Franchise Fee applicable to the first Traditional Café since that amount is included in the Development Fee (see the Item 7(A) chart above for additional details).

4. Total. This figure represents the total estimated initial investment to purchase a Development Area for two (2) to three (3) Traditional Cafés, including the estimated initial investment to open your first Traditional Café under the Development Rights Rider. This figure does not include the cost to develop the second and subsequent Traditional Cafés under the Development Rights Rider or the second payment of

the Development Fee required for each Traditional Café. These figures are estimates. We relied on the estimates of our affiliate-owned Traditional Café in Albany, New York in compiling these numbers.

## Item 8: Restrictions on Sources of Products and Services

We and our owners and affiliates have spent considerable time, effort and money to develop the System. You must conform to our high and uniform standards of Product quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes. To ensure that you maintain the highest degree of consistency, quality and service, you must operate and develop your Café in strict conformance with our methods, standards and specifications and obtain certain ingredients, inventory, services, supplies, materials, equipment, furnishings, fixtures and other products, including your uniforms, advertising materials, computer hardware, and software, in strict compliance with our specifications and only from us, our affiliate or the authorized manufacturers, distributors, suppliers, vendors, merchants or providers designated or approved by us. Our methods, standards and specifications (the "System Standards") are prescribed in our operations manuals and other written manuals, guides, instructions and communications whether on paper, Internet or in other electronic format (together, the "Operations Manuals").

We reserve the right to establish a "mystery shopper" or "secret customer" program to anonymously evaluate your operations and if we do, you must participate in the program. A significant level of negative feedback from your customers or an unsatisfactory result of a mystery shopper or customer will be a default under your Franchise Agreement, and we may require you to participate in remedial training.

**Required Purchases from Us**.

You are not currently required to purchase any other goods, supplies, equipment, inventory or comparable items from us or from any affiliate. We reserve the right to require you at any time in the future to purchase any items for your Café from us or from any affiliate. We reserve the right to earn a profit on any items sold to you. We are not obligated to provide you with any warranty for any item. Neither we nor our affiliate derived any revenue from the sale of required products and services to franchisees or received payments from any designated suppliers because of transactions with franchisees during the 2022 fiscal year.

Arbonne is currently the only Approved Supplier for two specific menu items. If you purchase products from Arbonne directly through us, then we may receive a 2-3% rebate on the required purchases. Our total revenue received from Arbonne in the form of rebates, based on the most recent audited financial statements was $11,908.95, which includes purchases from our company-owned locations.

Our marketing firm is currently the only Approved Supplier for the advertising materials and services during the first six months of your operations. You may pay our marketing partner directly or remit payments to us and will submit the monthly payments.

None of our officers has an ownership interest in any Approved Supplier (as defined below) for the System.

**Purchases from Approved Suppliers**.

You will be required to purchase certain products and services only from suppliers that we approve including manufacturers, distributors, suppliers, vendors, merchants or providers of goods and services ("Approved Suppliers"). These items currently include ingredients (including our unique granola recipes, dry toppings and cashew butter), beverages, any item bearing the Proprietary Marks (including printed packaging materials), and point of sales system ("POS System"). Arbonne and Sweet Eats are currently the only Approved Suppliers for certain menu items. We have the right to require you at any time to purchase other products and/or services only from Approved Suppliers.

We currently maintain a list of Approved Suppliers and criteria for approving suppliers in our Operations Manuals. We may modify this list on reasonable written notice to you. You may request in writing our approval of alternative suppliers that are not currently approved by us. With the request, we may require that you submit a sample of the proposed product at your cost. We will grant or revoke approvals of suppliers based on the criteria for approving suppliers in our Operations Manuals, and based on inspections and performance reviews. We may grant approvals of new suppliers or revoke past approvals of suppliers on reasonable written notice to you. We must consent to your use of any supplier you propose and will make reasonable efforts to provide you with written notification of the approval or disapproval of any supplier you propose within thirty (30) days after written receipt of your request. For this approval or disapproval, you must reimburse us for our out-of-pocket expenses.

**Purchases According to our Specifications**.

All food and beverage products, ingredients, inventory, merchandise, supplies, equipment, uniforms, POS System, furnishings and other decor, signs and any items bearing the Proprietary Marks that are used in the operation of your Café must be purchased according to our specifications and meet System Standards. Our list of Approved Suppliers and specifications for supplies including brand, model and type are in our Operations Manuals or other instructional materials we may provide to you prior to opening.

*Location Selection and Lease*: You must find a site and execute a lease for the Location of the Café that meets our site selection criteria within one hundred fifty (150) days of signing your Franchise Agreement. You must obtain our consent in writing to any lease (including any sublease) for the Location before you enter into such lease. You must deliver a copy of the signed lease to us within five (5) days of your signing. See Item 11 for additional information on site selection.

*General Contractor and Architect*: We must approve of your architect (if required) and general contractor. The specifications for each position will be listed in the Operations Manual and includes general specifications regarding licensure, insurance and experience.

*Standard Building Plans and Specifications*: You must construct and develop the Café. We will lend to you a sample set of standard building plans and specifications and standard recommended floor plans. These specifications and layouts might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities. Your architect must prepare a site plan and adopt the standard building plans and specifications to the specific site and adapt the recommended floor plans to the Location. You must provide us with a complete set of construction and design documents for the Café including mechanical, electrical and plumbing specifications in order to afford yourself enough time to open within the time period required under the Franchise Agreement. The construction and design documents (the "Design and Construction Plan") are subject to our review and consent. We must review and consent all final specifications and plans before you begin constructing the Café and all revised plans during construction. Our review and consent is only to ensure your compliance with our design requirements. We may inspect the Café during its development. You must affix a decal or placard to an exterior window or display containing the following statement "An Independently Owned and Operated Franchise". If we request, you will display prominently a "franchise opportunity" display to promote awareness of the availability Bare Blends Franchises.

*Maintenance and Repairs*: You must maintain your Café in a high degree of sanitation, repair, appearance, condition and security and in the manner required by the Franchise Agreement and the Operations Manuals.

You must make additions, alterations, repairs and replacements to your Café (but no others without our written consent) as reasonably required for that purpose, including periodic repainting, changes in appearance, repairs to impaired or outdated equipment, and replacement of obsolete signs as we reasonably direct. You must meet and maintain the safety, sanitation and health standards and ratings applicable to the operation of your Café as we reasonably require.

*Renovation and Upgrading*: You must abide by our requirements for alterations, remodeling, upgrading or other improvements to your Café. This includes technological improvements as well as décor improvements including changes to the displays, signage or other branded materials. We have the right to modify the System for any reason, including, without limitation, responding to consumer expectations and buying habits, increasing efficiency, co-branding with other companies and adapting to competition. Generally, the standards for alterations, remodeling, upgrading and other improvements will not exceed the requirements applicable to new franchises or company-owned locations. Renovation or upgrading may also be required if we add new menu items that require the installation of new fixtures or equipment.

*Specifications for Employee Uniforms*: We will lend you specifications for your employee uniforms. You will ensure that all your employees follow our dress code.

*Insurance*: You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, the following insurance policies described in the Franchise Agreement and in our Operations Manuals protecting you, us, our affiliate, and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees: (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Café for full repair and replacement value (subject to a reasonable deductible) and including damage to rented premises; (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage including personal and advertising liability, written on an "occurrence" policy form in an amount of not less than $2,000,000 single limit per occurrence and $2,000,000 aggregate limit; (iv) employer's practices liability in the amount of $1,000,000; and (v) Workers Compensation coverage as required by state law. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Café. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us as additional insured under an endorsement we approve, must name us and our affiliates, and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement and the Operations Manuals. Each policy must provide us with thirty (30) days' prior notice of any changes to or cancellation of the policies. The types and limits of insurance required may be changed from time to time in the Operations Manuals and you must comply with any new insurance requirements. Additionally, we may designate one (1) or more insurance companies as the insurance carrier(s) for all of the Bare Blends businesses. If we do so, we may require that you obtain your insurance through the designated carrier(s). We may also designate an insurance agency or broker as an Approved Supplier where you must procure your insurance from the designated agency/broker.

The cost will vary from state to state and we anticipate that you will be required to pay your insurance carrier or agent your premiums on an annual basis, however, this varies by carrier. These policies must be written by responsible insurance carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability and/or umbrella insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to your Café. Each certificate of insurance must include a statement by the insurer that the policy will not be canceled, subject to nonrenewal or materially altered without at least thirty (30) days' written notice to us. All insurance policies, with the exception of workers' compensation insurance, must name us as additional insureds and you must provide us with certificates of insurance, endorsements and declaration pages to each policy evidencing that we are named as an additional insured under any policy we require you to name us an additional insured. On our request, you must promptly provide us with copies of all insurance policies together with proof of payment for insurance. You must send to us current certificates of insurance and copies of all insurance policies and endorsements for the Café on an annual basis. The insurance policies must provide for a waiver of subrogation.

*POS and Computer Systems*: See Item 11 for specifications on computer systems.

*Advertising*: Any and all advertising, marketing and promotional materials you wish to use must conform to System Standards. See Item 11 for specifications on advertising. The specifications that we have formulated are in our Operations Manuals. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification if you explain the reason for the requested modification and provide us with sufficient technical data to enable us to evaluate your request. We must approve any modification of a specification you propose and will make our reasonable efforts to provide you with notification of approval or disapproval within fifteen (15) days after receipt of your request which shall be at our sole discretion. If we do not respond within the 15-day time period, the request is deemed unapproved.

**Rebates, Material Benefits, Cooperatives; Revenues from Restricted Purchases**.

We may negotiate purchasing terms for franchisees from Approved Suppliers. We cannot guaranty, promise, represent, state or warrant that any Approved Supplier will offer or continue any particular pricing, warranty or other terms of sale. We may negotiate a continued supply of products from our Approved Suppliers, but cannot guaranty, promise, represent, state or warrant a continuing supply from any particular supplier. We are not under any obligation to you with respect to the terms negotiated or any supplier's terms. The arrangements we negotiate may include that Approved Suppliers pay us a sponsorship fee to help pay for the costs of an annual meeting or conference.

We do not discriminate against you or provide you with material benefits, such as renewal of your Franchise or grant you additional Franchises, based on your use of any particular Approved Supplier. We have no purchasing or distribution cooperatives in existence at this time. We may in the future form a purchasing or distribution cooperative and require you to become a member. Membership in a purchasing or distribution cooperative may require the payment of a fee in addition to other terms and conditions. We do not make any express or implied warranties with respect to any products or goods we recommend or require for your use.

The supplies or services that you are required to purchase according to our specifications or from Approved Suppliers are considered "required purchases." We and our affiliate reserve the right to earn revenue from Approved Suppliers, such as rebates or commissions, on account of their sales of any goods or services to our franchisees, including required purchases. We estimate that your total initial required purchases and leases will be approximately 91% of the cost of your initial purchases and leases and 49% or more of annual purchases and leases on an on-going basis for the operation of your Café.

## Item 9: FRANCHISEE'S OBLIGATIONS

**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 in Franchise Agreement or Development Rights Rider | Disclosure Document Item |
|---|---|---|
| a. Site Selection & Acquisition / Lease | Sections 4.1, 4.2 | Items 7, 8 & 11 |
| b. Pre-opening Purchases / Leases | Section 4.1, 4.2 | Items 7, 8 & 11 |
| c. Site Development and other pre-opening requirements | Section 4.3, 12.3 | Items 5, 6, 7 & 11 |
| d. Initial & On-going Training | Section 5.4, 6, 8.2 | Items 6, 7 & 11 |
| e. Opening | Section 4.5 | Items 8 & 11 |
| f. Fees | Section 5 | Items 5, 6 & 11 |
| g. Compliance with standards and policies operating manual | Section 4.3, 8, 11.1, 11.2, 11.4, 11.5, 11.6 | Items 8 & 11 |
| h. Trademarks and proprietary information | Section 1.2, 9, 10 | Items 13 & 14 |
| i. Restrictions on products / services offered | Section 2.2, 11.4 | Item 8 and 16 |
| j. Warranty and customer service requirements | Section 11.1 | Item 8 |
| k. Territorial development and sales quotas | Not applicable. | Item 12 |
| l. Ongoing product / service purchases | Section 8.3, 11.4 | Item 6, 7 and 8 |
| m. Maintenance, appearance, and remodeling requirements | Section 4.4, 11.1, 11.6 | Items 8 & 11 |
| n. Insurance | Section 11.2 | Items 6, 7 & 8 |
| o. Advertising | Section 12 | Items 6, 7 & 11 |
| p. Indemnification | Section 7.4, 14 | Item 6 |
| q. Owner's participation / management / staffing | Section 3, 7.1, 7.2, 11.1 | Items 15 |
| r. Records and reports | Section 11.1, 15 | Item 6 and 17 |
| s. Inspections and audits | Section 15 | Items 6, 8 & 11 |
| t. Transfer of Interest | Section 16 | Items 6 & 17 |
| u. Renewal | Section 2.5, 2.8 | Items 6 & 17 |

| Obligation | Section in Franchise Agreement or Development Rights Rider | Disclosure Document Item |
|---|---|---|
| v. Post-termination obligations | Section 17.6, 18.6 | Item 17 |
| w. Non-competition covenants | Section 7.2 | Item 17 |
| x. Dispute Resolution | Section 21 | Item 17 |
| y. Jury Waiver provision and Arbitration provision | Section 21.5, 21.12, 21.13, 21.14 | Item 17 |

## Item 10: Financing

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

## Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

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

**Franchisor's Pre-Opening Obligations**.

Before you open the Café, we will assist you in the following:

1. Designating your Protected Area or Development Area (Franchise Agreement, Sections 2.1 and 2.2).

2. Providing you with specifications and site selection criteria. (Franchise Agreement, Section 4).

3. Upon your request and subject to personnel availability, we or our designee (master broker) may provide you with on-site Location selection assistance, but you must pay our travel costs and expenses. (Franchise Agreement, Section 4.1).

4. Consenting to your Location and lease and providing you with a copy of any Collateral Assignment of Lease attached to the Franchise Agreement as Exhibit J. (Franchise Agreement, Section 4).

5. Providing you sample designs and specifications for the layout of your Café, including without limitation, the fixtures and equipment to be installed in connection with constructing, outfitting, furnishing and decorating your Café. (Franchise Agreement, Section 4.3).

6. Consenting to your Design and Construction Plan. (Franchise Agreement, Section 4.3).

7. During Initial Training, granting you electronic (or other access) to our Operations Manuals, which contain the information, methods, techniques and specifications for the operation of your Café. (Franchise Agreement, Section 8.1).

8. Providing you with a list of approved items of ingredients, paper goods, equipment, decor, fixtures, inventory and supplies (by brand name and/or by standards and specifications) and lists of Approved Suppliers for certain items and services. (Franchise Agreement, Section 8.3).

9. Providing you with an email address. (Franchise Agreement, Section 8.2(h)).

10. Providing the Initial Training program for your Operating Principal and one (1) additional trainee (which must include your GM, if any). (Franchise Agreement, Section 5.4).

11. Approving or disapproving any initial advertising or marketing materials, business forms, stationery, business cards or other forms you intend to utilize in connection with your grand opening or otherwise. (Franchise Agreement, Section 12.1).

12. Providing a minimum of at least two (2) days of supervision and assistance for you and your employees prior to and including the grand opening of your Café to ensure that you are operating in compliance with the Operations Manuals. (Franchise Agreement, Sections 8.2).

It is estimated that it will take approximately one hundred twenty (120) to two hundred forty (240) days following your signing of the Franchise Agreement to open a Café, but may occur earlier or later depending on the actual time required for you to accomplish items including, but not limited to: securing a Location, retaining a general contractor and architect, obtaining financing, obtaining construction, zoning, health and other permits, completing construction, installing signs, fixtures, and equipment, and hiring and training personnel.

We do not provide you with any assistance with respect to hiring or training your personnel.

**<u>Franchisor's Post-Opening Obligations</u>**.

During the operation of the Café, we will:

1. Provide supervision and assistance for you and your employees during the grand opening of your Café to ensure that you are operating in compliance with the Operations Manuals and System Standards that we deem necessary and appropriate in our discretion. (Franchise Agreement, Section 8.2).

2. Provide such continuing advisory assistance to you in the advertising and promotion of your Café as we deem necessary and appropriate in our discretion. (Franchise Agreement, Section 12).

3. Provide you with any updates to the Operations Manuals and any other instruction, operations criteria or manuals prepared by us for use by our franchisees in operating their Cafés. (Franchise Agreement, Section 8.1).

4. From time to time and in our sole discretion, provide you with new recipes. (Franchise Agreement, Section 8.2).

5. From time to time and in our sole discretion, provide you advice and written materials concerning techniques of managing and operating the Café, including new developments in the System, equipment, food products, services, pricing of Products (as allowed by applicable law), packaging, and preparation and mandating the use of such new techniques and developments as applicable. (Franchise Agreement, Sections 8.2).

6. From time to time and in our sole discretion, provide you with access to additional or continuing courses of training at times and locations designated by us. (Franchise Agreement, Section 6.2).

7. From time to time and in our sole discretion, conduct inspections of your Café, evaluate ingredients used and Products sold at your Café and recommend changes to enhance your Café to ensure that it fully complies with the System and the Operations Manuals as we deem necessary and appropriate in our discretion. (Franchise Agreement, Section 8.2 and 15.1).

8. From time to time and in our sole discretion, maintain updated lists and provide updated lists to you of approved items of equipment, fixtures, inventory, and supplies and updated list of Approved Suppliers for those items. (Franchise Agreement, Section 8.3).

9. From time to time and in our sole discretion, provide other resources and assistance as we may in the future develop and offer to all franchisees. (Franchise Agreement, Section 6.2).

10. Maintain the Brand Fund in accordance with the Franchise Agreement. (Franchise Agreement, Sections 5.3 & 12).

11. Design, update and host the Website and provide you with a microsite designated for your Café that you must prepare in accordance with our System Standards. (Franchise Agreement, Section 8.2).

12. From time to time and in our sole discretion, invite you to franchisee-oriented functions, seminars and annual meetings and conferences that we plan and sponsor. (Franchise Agreement, Section 6.3).

13. Periodically and in our sole discretion, specify minimum policy limits for certain types of insurance coverage and review, verify and/or approve proof of insurance and forms of additional insured endorsements. (Franchise Agreement, Section 11.2).

14. Provide you with access to any proprietary software programs as may be developed by us or on our behalf for use in the System in the future. (Franchise Agreement, Section 8.2).

Our individualized assistance to any franchisee (whether in person or by telephone, fax, or mail), is subject at all times to availability of our personnel. All of our obligations under the Franchise Agreement are to you only.

We do not provide assistance with respect to: (i) establishing and using administrative, bookkeeping, accounting and inventory control procedures, or (ii) hiring or training your personnel.

**Location Selection/Lease Consent**.

If we have not agreed on a Location for your Café at the signing of the Franchise Agreement, then within ninety (90) days of your signing your Franchise Agreement, you must submit to us a site proposal package for a Location for your Café, as detailed in the Operations Manuals, meeting the site criteria we provide to you. We have fifteen (15) days from the submission of your site proposal package to accept or reject the Location. The criteria used by us reviewing your site includes: traffic flow and patterns, traffic count, competition, ingress and egress, population, demographics (including income), visibility, and the initial cost of remodeling and on-going occupancy overhead expenses. Other factors may also be considered in evaluating your proposed location. Within one hundred fifty (150) days of your signing your Franchise Agreement, you must execute a lease for a Location for your Café. We assume all franchisees will lease real estate for the Location. If you wish to purchase the real estate for the Café, then you must purchase the Location within one hundred fifty (150) days of signing your Franchise Agreement. Our acceptance of the Location does not mean we believe your Café will be successful at that location, and we do not guarantee the success of your Café at the Location that we provide our consent to.

We may assist you in negotiating your lease or purchase agreement, but you should consult with your attorney or advisor throughout the negotiation process. We do not typically own the premises for the Café which we would then lease to you but we reserve the right to do so in the future. However, you are required to obtain our written consent of the lease (including any sublease) or purchase agreement before entering into such lease or purchase agreement for your Location. Our consent of any lease shall be conditioned upon the lease containing lease terms acceptable to us including, without limitation, you and your landlord signing a Collateral Assignment of Lease in the form attached to the Franchise Agreement as Exhibit J. You must deliver a copy of the signed lease to us within five (5) days of its completion. Our consent to your lease is merely to state that lease conforms to the System Standards but we do not provide any analysis as to the terms and conditions of the lease.

If you do not sign a lease for the Location within one hundred fifty (150) days of signing the Franchise Agreement, then we have the right to terminate the Franchise Agreement. If you do not open your Café within two hundred forty (240) days immediately following the signing of the Franchise Agreement, then we have the right to terminate the Franchise Agreement.

**Advertising**.

Except for our obligations related to the maintenance and expenditure of monies in the Brand Fund, we are not required or obligated to conduct any advertising. We have the right to modify the source of advertising at any time. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the System. We are not required to spend any amount for advertising in your Protected Area. (Franchise Agreement, Section 12). You must work with our designated marketing agency in order to use the standard advertisements through all of the Cafés for the first six months of opening. After the first six months, you have the option to either continue working with our designated marketing agency or a different marketing agency that we approve.

We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. Materials that may be provided to all franchisees in the future may include posters, banners and miscellaneous point-of-sale items. We may periodically provide you, at your expense, with consumer marketing plans and related materials for use at the local or regional level. We may periodically furnish you with samples of advertising, marketing and promotional formats and materials templates which you will then have the right to copy at your expense. (Franchise Agreement, Section 12).

**Grand Opening Advertising**.

You are required to spend at least $7,500 from the period beginning no earlier than sixty (60) days prior to the opening of the Café and ending no later than ninety (90) days after opening for advertising to promote the opening of the Café. All grand opening advertising shall be subject to our approval in writing. Grand opening advertising expenditures may include off-site events (with our consent), digital advertising, print advertising, grand opening events, and food giveaways, which we pre-approve in writing. (Franchise Agreement, Section 12.3).

**Local Advertising**.

You must spend at least $600 per month on local marketing and advertising (in addition to the grand opening expenditures), commencing upon the opening of your Café (the "Local Advertising Requirement"). We may reduce the Local Advertising Requirement based on the Net Sales of your Café, as further outlined in the Operations Manuals. We may increase the Local Advertising Requirement in our sole discretion. We will provide you thirty (30) days' advance written notice before increasing the Local Advertising Requirement. (Franchise Agreement, Sections 12.2 & 12.4). You must use our approved marketing agency to conduct your local advertising that will help you meet your Local Advertising Requirement as they currently have our requirements for digital marketing, online listing optimization, search engine optimization and related marketing services. You are required to work with us and our designated marketing agency for your Local Advertising Requirement.

You may develop advertising materials for your own use at your own expense, but you may not use any advertising materials unless they are approved in advance in writing by us. (Franchise Agreement, Section 12.1). All advertising, promotion and marketing must be completely clear, factual and not misleading, conform to the highest standards of ethical marketing, and comply with the promotional policies we establish. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you may use them. If you do not receive written approval from us within fifteen (15) days after we receive the materials, the materials are deemed not approved. You may not use any advertising or promotional materials that we have not approved or disapproved. (Franchise Agreement Section, Section 12.1).

You must promptly discontinue use of any advertising, marketing or promotional plans or materials, whether or not previously approved, on notice from us. We may require you to place advertising in specific media, such as print, social media and direct mail, and determine what percentages of your advertising spend should be allocated to each medium. All use of any of the Proprietary Marks must meet all System Standards. (Franchise Agreement, Section 12.1 & 12.2).

We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and the addresses of our Website and phone number.

In addition to your Local Advertising Requirement, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Twitter, LinkedIn, TikTok, Pinterest, Instagram, Snapchat, YouTube, Yelp, Google+, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our IP, Proprietary Marks, name, brand, products or your franchise whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval and such platform or materials must comply with the restrictions and requirements described below in this Item 11 under "Websites". Your expenditures toward Social Media Platforms and Social Media Materials may count towards your required Local Advertising Requirement or Grand Opening Advertising. (Franchise Agreement, Section 12.2). You must sign the Internet Website and Listing Agreement attached to the Franchise Agreement as Exhibit H assigning us all rights to any website or other web based platforms utilizing the Proprietary Marks on termination or expiration of the Franchise Agreement.

**Advertising Cooperatives**.

We have not formed and presently do not require any participation in advertising councils or regional advertising cooperatives, but we may form and/or require one or more to be formed in the future ("Cooperative"). We have the right to designate any geographical area in which two (2) or more Cafés (whether franchised or owned by us or our affiliate) are located as a region for purposes of establishing a Cooperative, or we may consent to the formation of an advertising Cooperative by our franchisees. If a Cooperative is established which encompasses your Protected Area, you will automatically and immediately become a member of the Cooperative and you must agree to contribute to the Cooperative the amount agreed upon by a majority of the members of the Cooperative, to pay that amount to the Cooperative at the times agreed upon by a majority of the members, and to abide by the Cooperative's rules. The payments you make to a Cooperative may be applied by you toward satisfaction of your Local Advertising Requirement, but if the amount you contribute to a Cooperative is less than the Local Advertising Requirement, you must still spend the difference locally. Each company or affiliate owned Café located within the geographic area covering the Cooperative, if any, is not required to contribute to the Cooperative on the same basis as you.

Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing promotional materials for use by the members in local advertising; however, no advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. We may direct the marketing efforts of the Cooperative and/or engage an outside marketing firm which we may require the Cooperative to retain. We may permit, in our sole discretion, members of Cooperatives to determine the use of Cooperative funds. We may prepare governing documents, policies and guidelines for any Cooperative that is formed. If we do, you must comply with the documents for the Cooperative, which will be available for your review. Any deviation from such governing documents, policies and guidelines requires our prior written approval. A violation of any Cooperative agreement will be a default under the Franchise Agreement. We are not required to prepare annual or periodic financial statements for the Cooperative. If we do prepare financial statements for the Cooperative they will be available for your review. We will have the power to require cooperatives to be formed, changed, dissolved or merged. (Franchise Agreement, Section 12.8).

**Brand Fund**.

You are required to contribute at least one percent (1%) of your Net Sales to the Brand Fund as your Brand Fund Contribution. We may increase the Brand Fund Contribution in our sole discretion. We will provide you thirty (30) days' advance written notice before increasing the Brand Fund Contribution, which will not exceed three percent (3%) of your Net Sales. Amounts paid into the Brand Fund are expended for purposes relating to advertising, promotions and marketing of goods and services provided by us related to the System. (Franchise Agreement, Section 12.4).

We or our designee will direct all advertising and promotional programs and activities and the concept, materials and media used in such programs and activities. The Brand Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks and the System. We cannot ensure, and have no obligation to ensure, that expenditures by the Brand Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Brand Fund by Bare Blends franchisees operating in that geographic area or that any Café will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising and marketing materials or the placement of advertising. We have no other direct or indirect liability or obligation to you regarding the collection of amounts due to, or maintaining, directing or administering, the Brand Fund. (Franchise Agreement, Section 12.6). Each company or affiliate owned Café is not required to contribute to the Brand Fund on the same basis as you.

We determine, in our discretion, the manner in which the Brand Fund is spent. The Brand Fund will be used to meet any and all costs of maintaining, administering, directing and preparing advertising and promotional activities (including without limitation, the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaign; direct mail and outdoor billboard advertising; Internet advertising including via the Website; marketing surveys and other public relations activities; advertising agencies; and promotional brochures and other marketing materials for Cafés operated under the System). We have the right to reimburse ourselves out of the Brand Fund for the total costs (including labor and indirect costs) of developing, producing and distributing any advertising materials and administering the Brand Fund Contribution (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Fund Contribution). (Franchise Agreement, Section 12.6.) We are not required to audit the Brand Fund. (Franchise Agreement, Section 12.6). We are not required to keep Brand Fund Contribution segregated in a separate account and they may be commingled with general operating funds, however, we will account for it separately.

Any unspent accrued Brand Fund Contribution for any calendar year will be used in the subsequent calendar years. We are not required to provide franchisees with periodic accounting of the Brand Fund, including the fees paid into the by franchisees, but if we do prepare an accounting of the Brand Fund we will make it available to you upon your written request that must be submitted to us. If we advance any amount to the Brand Fund, we will be entitled to be reimbursed for any such advances. Although the Brand Fund is intended to be perpetual, we may terminate the Brand Fund at any time and we have no obligation to maintain the Brand Fund in perpetuity. If the Brand Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the Brand Fund during the preceding twelve (12) month period. (Franchise Agreement, Sections 12.4 & 12.6).

We will not use any monies from the Brand Fund for the preparation of franchise sales solicitation materials although we reserve the right to include "*Franchises Available*" or similar language with our contact information on any advertising purchased or created by the Brand Fund. (Franchise Agreement, Section 12.5).

In 2022, 30% of our Brand Fund was spent on social media, 50% was spent on media buys, 10% was spent on overhead expenses for franchise, and 10% was spent on overhead expenses for franchisees.

**Computers**.

You are required to purchase a POS System approved by us which meets System Standards. There is currently only one (1) approved POS System. The main functions of the POS System are to act as a cash register and collect and manage information about the various sales transactions at your Café, including detailed sales data, inventory, prices, coupons, taxes and other sales information. You must also maintain Internet service that allows you an unlimited Internet connection, email and online communication abilities as we require. (Franchise Agreement, Section 9.1). You must also use our required software for staffing purposes.

We have no obligation to provide any maintenance, repairs, upgrades or updates to you and there are no contractual limits on the frequency and costs of your obligation to maintain, upgrade or update the POS System or Computer System (as defined below) to conform to our specifications. We do not currently require you to purchase and maintain software maintenance and support for your POS System, but you may choose to do so. There may be additional fees associated with upgrades to the POS System. You are contractually required at your expense to upgrade and update the POS System and Computer System to remain in compliance with our standards and specifications as well as purchase any additional software we may require. There are no contractual limitations on the frequency and cost of this requirement. We estimate that the current annual cost of maintenance or support service contract for the POS System and Computer System is $2,400 per year, which includes the POS Software license fee.

We and our Approved Suppliers have the right to electronically and manually access the information that the POS System generates. You must cooperate with us in helping us access this information. We will have independent access to your sales information and other data produced by your POS System. There are no contractual limitations on our right to access this information and data. You will be responsible for all costs associated with any computer systems including accessing the Internet. (Franchise Agreement, Sections 9.1 & 15.1).

You must also install and maintain a general purpose computer. The computer must have access to the Internet and be equipped with computer hardware components, software, and peripherals (such as printer and scanner) that we require and that meet our specifications. You must use an accounting system capable of generating sufficient accounting reports and information that we require from time to time. We currently use, and you must purchase and maintain a license and software for, QuickBooks® which is compatible with our version of QuickBooks®, but we have the right to change these requirements and require that you update these programs as the updates become available. You must provide us with your user ID and password for your QuickBooks® account. We have access to all of your electronic information through this system at all times. (Franchise Agreement, Section 9.1). We estimate that the computer hardware and general accounting and/or bookkeeping software and word processing software and POS System (the

"Computer System") will have an initial cost between $3,200 and $5,400. This estimate does not include the cost to purchase a computer and printer/scanner.

In the future we may require different systems or permit the use of different systems depending on the size of your Café. We reserve the right to discontinue any service or support we may offer for any system at any time for any reason or change any required vendors for the products or services at any time for any reason. You must replace, upgrade and maintain these systems at your sole expense. (Franchise Agreement, Section 11.6).

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data related problems and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include trying to secure your Computer Systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

We are not obligated to provide or assist you in obtaining any of the above items or services.

**Websites**.

You will not have any right to host the Website, however, you will be provided a microsite designated for your Café that we will prepare and maintain in accordance with our System Standards. All content is subject to our prior written approval. The Website will contain information on the Products offered by Bare Blends Cafés. The Website may also contain information on the awards and achievements of us, our franchisees and our affiliates. The Website and its content is updated based upon our judgment of what is appropriate and all changes, deletions and additions are at our sole discretion. We may restrict, limit, control or designate nearly every aspect of your use of websites, the Internet, intranets, worldwide web home pages or e-mail, and require you to participate in a centralized website. Neither you, nor any of your Owners or employees, are permitted to use an e-mail address that is not associated with our www.bareblends.com or www.bareblendsfranchise.com URL for your Bare Blends Franchise. (Franchise Agreement, Section 9.2). You may not establish any website, blog, Facebook page, Twitter account, email distribution list, Instagram account, Snapchat account, or other Social Media Platform, World Wide Web or Internet-based presence which uses or displays any of our IP (whether Social Media Materials or otherwise) without our prior written consent, and, at our sole option, you will take such action necessary to cause certain websites or other Social Media Platforms, including, but not limited to, Facebook, Twitter, Instagram account, Snapchat account, and other such mediums, currently in existence or developed in the future, to assign primary administrative rights to us for your Café. We will then, in our sole discretion, provide you with subordinate administrative access to, and guidelines for your use of, such mediums, so that you may promote your business locally. We also have the right to request that you turn over all passwords to any Social Media Platforms or similar internet-based mediums immediately upon creation. Upon termination or expiration of the Franchise Agreement, we will remove your administrative access, and we retain ownership and control of all content created during the term of the Franchise Agreement. (Franchise Agreement, Section 9.2).

**Advisory Council**.

We reserve the right to form an advisory council to assist us with various components of our System, including Products offered by Cafés, marketing and promotion, training, and other aspects of the System. If we create an advisory council, it will act in an advisory capacity only and will not have decision-making authority. We will have the right to form, change, merge and dissolve any advisory council at any time. (Franchise Agreement, Section 12.10).

Members of an advisory council will include our representatives and franchisee representatives. The franchisee representatives may be chosen by us or may be elected by other franchisees in the System. If you are chosen and agree to participate on an advisory council, you will pay all costs and expenses you incur related to your participation, including travel, lodging and meals expenses for attending council meetings. (Franchise Agreement, Section 12.10).

**Gift Card, Loyalty Programs, Surveys and Marketing Tests**.

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the System and sign the forms and take the other action we require for you to participate in these programs. You are obligated to offer all customers participation in our loyalty program and register all participants as described in the Operations Manual. (Franchise Agreement, Section 12.11).

You may be asked to participate in marketing tests and surveys. In the event that you are approved to participate, you may be required to enter into an agreement that outlines all the requirements for marketing tests and surveys. All test and survey requirements, processes and procedures must be adhered to and any applicable costs will be our responsibility. You must provide complete data statistics on the tests or surveys for our review and evaluation.

**Credit Cards**.

It is your responsibility to maintain and report your PCI (Payment Card Industry) compliance, which encompasses operational policies and practices as well as networks and POS System, and other hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify both your credit card transaction acquirer and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Café. If we determine, in our sole discretion, that any breach or compromise may impact multiple franchisees or our System or brand, then we have the right to control the data breach response. You remain financially responsible for the breach.

We reserve the right to terminate your Franchise Agreement and/or suspend credit card processing at any Location which does not comply with the current PCI compliance requirements. We recommend consulting a local information technology professional with a full understanding of the PCI DSS and Networking configuration to advise you on specific setup and maintenance requirements. (Franchise Agreement, Section 9.1).

**Operations Manuals**.

For the duration of the Franchise Agreement, we will grant you electronic access to the Operations Manuals or make them available to you by paper, Internet or electronic format. The Operations Manuals contain mandatory and suggested specifications, standards and operating procedures. The Operations Manuals are highly confidential, are on loan to you and remain our property. We may revise the Operations Manuals from time to time by posting the revisions electronically or by letter, memorandum, bulletin, videotape, audiotape, diskette, CD ROM, electronic mail or by other written or electronic communication, including the Internet. You must abide by all revisions. The total number of pages of our Operations Manuals and Table of Contents are listed on Exhibit E and is currently 140 pages. You are prohibited from copying or distributing the Operations Manuals in any manner whatsoever. You must only use the information contained in the Operations Manuals to manage and operate the Café and may not use such information for any other purpose. (Franchise Agreement, Sections 8.1 & 10.1(b)).

**Training Program**.

Our Initial Training is available to all of your Owners and management staff (the "Initial Training"). The Initial Training is mandatory for your Operating Principal and GM. We reserve the right to modify any aspect of our training program to accommodate the needs or experience of any individual trainee. Initial Training will occur in Albany, New York or another location designated by us. You must complete the Initial Training to our satisfaction at least thirty (30) days prior to the opening of the Café. The failure of your Operating Principal or GM (if you have a GM) to complete the Initial Training to our satisfaction will give us the right to terminate your Franchise Agreement. (Franchise Agreement – Section 6.1).

Although we do not charge a fee for the Initial Training for your Operating Principal and GM, you will be responsible for all expenses, including costs and expenses of transportation, lodging, meals, and wages and employee benefits for your trainees. All trainees must be at least eighteen (18) years of age. (Franchise Agreement, Section 6). All trainees must provide their ServSafe certification prior to attendance at Initial Training.

Our Initial Training program lasts approximately one hundred twenty (120) hours total with training of between (8) to twelve (12) hours per day. Initial Training is offered as needed during the year depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Cafés, but will generally be four (4) to six (6) times per year or every eight (8) to twelve (12) weeks. The subjects covered and other information relevant to the Initial Training are described as follows:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| The Brand | 8 | 2 | Albany, New York and/or another location designated by us |
| Marketing | 4 | 4 | Albany, New York and/or another location designated by us |
| Operations | 16 | 64 | Albany, New York and/or another location designated by us |
| Safety and Security | 2 | 6 | Albany, New York and/or another location designated by us |
| Employee Management | 4 | 4 | Albany, New York and/or another location designated by us |
| Financial Management | 2 | 4 | Albany, New York and/or another location designated by us |
| **TOTALS:** | 36 | 84 | |

We reserve the right to amend, modify, supplement, vary and/or delete any portion of the contents of the Initial Training. We do not currently have a set schedule for our training program. We will hold our Initial Training on an "as-needed" basis based on new franchisees in the System and the number of Café openings, among other things. It is the nature of the Bare Blends business that all aspects of training are integrated, meaning there are no definitive starting and stopping times. We tailor our training to the needs of the participants to maximize the value of time. Training is conducted by Jessica Fuller, who has five (5) years of relevant experience with us or our affiliate and twelve (12) years of experience in the industry, or Ann-Marie Berdar, who has five (5) years of experience with us and twelve (12) years of experience in the industry. The materials used in the Initial Training include the Operations Manual, PowerPoint presentation, handout and other various written materials.

Any replacement Operating Principal or GM must be approved by us and must successfully complete Initial Training, for which you must pay us our then current fee, which is currently $500 per person, per week. In addition, you are responsible for any travel and other expenses or costs. (Franchise Agreement, Section 6.2).

*Continuing, Supplemental & Refresher Training*

We may offer continuing, refresher or additional training courses from time to time. If we do, these courses will be mandatory for your Operating Principal and GM. These courses will be conducted at locations selected by us or virtually via Teams, Zoom, WebEx, Skype, or other conference calls. We will not charge a tuition fee if we require your Operating Principal and GM (or your Owners or any other staff) to attend mandatory continuing or refresher training courses except if you request additional training, upon a renewal of your Franchise Agreement, or if we require remedial training for operational deficiencies described below. However, you must pay all expenses, travel costs, lodging costs and meal costs for your trainees for any continuing or refresher training courses held in person. We reserve the right to impose reasonable charges for training materials in connection with continuing, supplemental or refresher training courses. We will notify you of any additional charges before you or your employees enroll in a course. (Franchise Agreement, Section 6.2).

You will be responsible for all of our expenses and costs including transportation and meals of our personnel if we determine, in our sole discretion, that we need to provide additional or remedial training to your Owners, your Operating Principal or GMs (1) because we determine it is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System, Proprietary Marks and/or IP, including, without limitation, because you are in default of the Franchise Agreement or otherwise in violation of our System Standards; or (2) due to your request for additional training. You will also pay us our then current fee, which is currently $500 per person, per week. (Franchise Agreement, Section 6.2). Failure to attend any required continuing, additional, remedial or refresher training is a default under the Franchise Agreement. (Franchise Agreement, Section 18.2).

*On-Site Training*

We may provide remedial training or additional training requested by you at your Location or within your Designated Territory, subject to availability of personnel and other factors as we deem necessary and in our sole discretion. If we provide On-Site Training, you will pay us the then-current fee per trainer, currently five hundred dollars ($500) per trainer, per week, to conduct the On-Site Training plus the trainers' travel, living and miscellaneous expenses.

*Meetings, Conventions & Conferences*

We may also conduct seminars or hold annual meetings or conferences from time-to-time for the benefit of all franchisees. There is currently no registration fee, but you must pay for all of your associated expenses, including the expense of salaries, travel, meals, lodging, and miscellaneous expenses of your personnel attending such seminars, meetings or conferences. However, we reserve the right to charge a registration fee for our annual meeting or conference in an amount not to exceed the actual cost per attendee for such conference. Your failure to attend mandatory seminars, meetings or conferences will be treated as a default under the Franchise Agreement. (Franchise Agreement, Section 18.2).

## Item 12: Territory

**Location and Protected Area.**

Your Franchise Agreement will grant you the right to open a Café at a specified Location within a designated Protected Area, which is the area within which we agree not to locate another franchised or company/affiliate-owned Café. The Protected Area is not an "exclusive territory" because we reserve the right to locate a Bare Blends Café in a Reserved Venue in your Protected Area. Your Protected Area will be identified on Schedule I to the Franchise Agreement. If you receive our consent for a Location before or at the signing of the Franchise Agreement, it will also be identified on Schedule I to the Franchise Agreement. You are not granted any other rights.

We and/or our affiliates reserve the right to sell another Franchise or open a business anywhere outside of your Protected Area, regardless of proximity to your Location, and authorize these other franchisees and businesses to provide the same Products that you provide outside your Protected Area.

Generally, each Protected Area is determined by radius or demographics. Your Protected Area will typically consist of approximately 75,000 people or a one (1) mile straight-line radius from the front door of your Café.

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.

**Development Rights Rider.**

If you sign a Development Rights Rider, we will grant you a Development Area. We determine the Development Area before you sign the Development Rights Rider based on various market and economic factors like market demographics, the penetration of Cafés and similar businesses in the market, expansion potential, the availability of appropriate sites and growth trends in the market. The Development Area may be all or a portion of a city, a contiguous number of zip codes, a single or multi-county area, or some other geographically identifiable area, which will be described in the Development Rights Rider.

You must develop Cafés in the Development Area as outlined in the development schedule in the Development Rights Rider. We must agree to the development schedule before signing the Development Rights Rider. If you stop operating any Café during the term of the Development Rights Rider, you must develop a replacement Café within a reasonable time (not to exceed 180 days) after you stop operating the original Café.

If you comply with the Development Rights Rider and all other agreements that you and your affiliates have with us and our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish, any Cafés in the Development Area during the term of the Development Rights Rider. We retain all other rights. Among other things, this means we can conduct activities in the Development Area like those described above in relation to the Protected Area.

If you fail to comply with the development schedule, or otherwise materially default under the Development Rights Rider, then we may (in addition to our other remedies) terminate the Development Rights Rider. When the Development Rights Rider expires or is terminated, you cannot develop additional Cafés in the Development Area (but may complete development of and/or operate Cafés under the existing Franchise Agreements) and we may develop or authorize others to develop Cafés in the Development Area and exercise all rights not expressly granted to you under your franchise agreements.

Except as described above, continuation of any territorial exclusivity does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Development Area. You do not have any options, rights of first refusal or similar rights to acquire additional Franchises inside or outside of your Development Area.

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

**Performance Standards.**

Continuation of your Protected Area does not depend on the achievement of a certain sales volume, market penetration or other contingency but we may modify your Protected Area upon renewal of your franchise agreement due to shifts in population. We can also modify your Protected Area or remove the rights to the Protected Area if you do not meet System Standards.

You may not market your Café or solicit customers, outside of your Protected Area without our prior written approval. You may host off-site events and offer catering and delivery services in the Protected Area only with our prior written consent. If you obtain our consent, you must provide the services in accordance with our standards as outlined by us in the Operations Manuals.

**Right of First Refusal.**

The Franchise Agreement does not grant you the right to acquire additional Franchises within or outside of your Protected Area.

**Reservation of Rights.** We and our affiliate reserve all rights not expressly granted to you in the Franchise Agreement, and which you have no right to conduct, including, without limitation:

1. The exclusive right to own and operate Cafés at any location(s) outside of your Protected Area under the Proprietary Marks or using the IP, or to license others the right to own and operate a Café at any location(s) outside of your Protected Area under the Proprietary Marks and System or using the IP. The Franchise Agreement does not provide you with competitive protection, at all, outside the boundary of the Protected Area.

2. The exclusive right to sell Products and other products, goods and merchandise, bearing the Proprietary Marks through the Internet, catalog sales, telemarketing, or other direct marketing channels. These products and merchandise may be similar or identical to Products sold within your Café, and customers who purchase our Products through such channels may be located within your Protected Area.

3. The exclusive right to distribute our Products and other products, goods and merchandise to wholesalers or retail businesses (such as supermarkets and specialty stores) or through the Internet, catalog sales, telemarketing, or other direct marketing ("Alternative Distributors") without compensation to you. Alternative Distributors may operate inside the Protected Area; there are no geographic limitations on the territory in which we or our affiliate may distribute Products to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with your Café and there are no restrictions on the type of products or merchandise an Alternative Distributor may offer.

4. The right to establish within the Protected Area, another Café on the premises of any "Reserved Venue." Reserved Venues include any self-contained facility (such as a shopping mall, hospital, military base, state or national park, stadium, airport, public transportation facility, toll booth plaza, corporate facility, medical center, spa, health club, YMCA, hotel, amusement park, fair ground, school or university campus or sports arena) as well as special events like street fairs, parades, sporting events and similar occasions. We or our affiliate may operate at any Reserved Venue on a temporary, seasonal or permanent basis.

5. The exclusive right to own and operate businesses under different marks inside or outside your Protected Area, or license others the right to own and operate businesses under different marks inside your Protected Area.

6. The right to use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in the Franchise Agreement.

Despite clauses (1) through (6) above, we may acquire or merge with any existing business located inside or outside your Protected Area and operate that business using the IP, Proprietary Marks and System. There are no restrictions on our right to solicit or accept business from consumers inside the Protected Area without paying any compensation to you.

We make no guarantees, promises, representations, statements or warranties that other franchisees will not advertise or market to customers within your Protected Area. We, in our sole discretion, may enforce the advertising and marketing restrictions indicated in this Item, but we are under no obligation to do so. Under no circumstances will we be liable to you if other franchisees market or advertise to customers within your Protected Area. Other franchisees may advertise and market within your Protected Area if the advertising or marketing is not specific to your Protected Area (for example, advertising in a newspaper with general circulation). Neither we nor our affiliates have a plan to operate a franchise under a different trademark that offers services and products similar to the Products, but we reserve the right to do so in the future.

**Relocation**.

You may only operate one (1) Café in the Protected Area at the Location and you may relocate that Café, in or outside of the Protected Area, only with our written approval. We may consent to the re-location of your Café based on your Café's existing financial performance, the quality of the proposed availability of a site for relocation and other criteria used to consent to a Café location, however, we do not have to accommodate any relocation. You must reimburse us for our costs and expenses included in connection with any relocation request. Aside from cases of force majeure, the new Café location must be open and operating prior to the closure of your current Location.

## Item 13: Trademarks

The Franchise Agreement grants you the right to operate a Café under the "Bare Blends" mark and to use any future Proprietary Marks we authorize so long as you are in compliance with the terms of the Franchise Agreement.

Our affiliate, Bare Blends LLC, has the following registered Mark with the U.S. Patent and Trademark Office ("USPTO"). Bare Blends LLC intends to renew the registration and to file all appropriate affidavits.

| MARK | REGISTER | REGISTRATION DATE | U.S. TRADEMARK REGISTRATION NUMBER |
|---|---|---|---|
| BARE BLENDS | Principal | April 21, 2020 | 6,038,566 |

There are no determinations of the USPTO or any Trademark Administrator or court, nor any pending interference, opposition or cancellation proceeding or any pending material litigation involving such Proprietary Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of such Proprietary Marks in a manner material to the Franchise. There are no infringing uses actually known to us which could materially affect your use of our Proprietary Marks.

**Use of the Proprietary Marks**.

We grant to you the right to operate a Café under the name "Bare Blends" and to use the Proprietary Marks so long as you are in compliance with the terms of the Franchise Agreement. You have no other rights in our Proprietary Marks. You must use our Proprietary Marks in the manner we direct. You cannot use our Proprietary Marks for any other purpose.

You must follow our rules when you use the Proprietary Marks. You may not use the mark "Bare Blends" or any other Proprietary Marks or IP in your own corporate or other legal name. We must consent to your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Bare Blends" or "Bare Blends of _________" (insert location name). You must promptly register at the office as provided for by the laws of the state in which your Café is located and/or if required at the office of the county in which your Café is located, as doing business under such assumed business name.

We or our affiliates are the lawful and sole owner of the domain names: www.bareblends.com and www.bareblendsfranchise.com. You cannot register any of the Proprietary Marks now or in the future owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue use of a website, including the Website, using the Proprietary Marks. Except as we may authorize in writing in advance, you cannot: (i) link or frame our Website, (ii) conduct any business or offer to sell or advertise any Products on the worldwide web, or (iii) create or register any Internet domain name in connection with your Café.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with the Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit remains our property. You may use the Proprietary Marks only for the operation of the Bare Blends Franchise or in advertising for the Café. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "S," "®," or "™" as instructed by us. You may not use the

Proprietary Marks in connection with the offer or sale of any services or Products which we have not authorized for use in connection with the System.

**Infringements**.

You will be obligated to notify us of any unauthorized use, suspected use or claim to use our Proprietary Marks, the use, suspected use or claims of rights to our Proprietary Marks by third parties or the use or suspected use by any third party of confusingly similar Proprietary Marks. You do not have the right to take any action to enforce or defend any rights associated with the Proprietary Marks. Upon such notification, we have the right to decide whether or not to take affirmative action. We reserve the right, but are not required, to protect your right to use the Proprietary Marks. We have the right to control any administrative proceedings or litigation arising from any affirmative action that we may choose to commence. In the event that we engage in any litigation in the defense or prosecution of the Proprietary Marks, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's provisions relating to the Proprietary Marks.

We will hold you harmless and indemnify you against any claim for copyright, service mark or trademark infringement arising out of your authorized use of our Proprietary Marks.

You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out any defense or prosecution related to our Proprietary Marks. If requested, you must participate in the litigation matter involving the defense of our Proprietary Marks. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Proprietary Marks as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Proprietary Marks, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

You must also agree not to contest our interest in our Proprietary Marks and other trade secrets.

You acknowledge that our Proprietary Marks are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of our Proprietary Marks. You further must agree not to hinder or prevent us from using or franchising our Proprietary Marks in any jurisdiction.

**Changes to the Proprietary Marks**.

If we determine that it becomes advisable for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one (1) or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. You will pay the expense of changing your Café signage. Further, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

## Item 14: Patents, Copyrights, and Proprietary Information

**Copyrights**.

We or our affiliate claim copyrights in the Operations Manuals, service brochures, the Website, Product and service materials, advertising materials and related items used in operating the Franchise (the "Copyrighted Materials"). We may further register, develop, change, cancel, enhance or modify

Copyrighted Materials at any time. We have not registered any Copyrighted Materials with the United States Registrar of Copyrights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the Copyrighted Materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the Copyrighted Materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the Copyrighted Materials in any state. We are not required by any agreement to protect or defend Copyrighted Materials or confidential information, although we intend to do so if this action is in the best interests of the System.

If we decide to add, modify or discontinue the use of a Copyrighted Material, you must also do so. We are not obligated to reimburse you for any costs of complying with this obligation. You do not have the right to take any action to enforce or defend any rights associated with the Copyrighted Materials. However, you must promptly notify us in writing if you become aware of any infringement of our copyrights, or if any infringement claims are made against you in connection with your use of the Copyrighted Materials or for expenses, costs and damages in actions involving Copyrighted Materials. We will then decide, in our sole discretion, what action, if any, will be taken. In the event that we engage in any litigation in the defense or prosecution of the Copyrighted Materials, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's restrictions on the use of the Copyrighted Materials. Except for the costs and expenses incident to litigation just described, we have no obligation under the Franchise Agreement to protect you against, participate in your defense of, or reimburse you for, any damages for which you are held liable in any proceeding arising out of your use of the Copyrighted Materials. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Copyrighted Materials as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Copyrighted Materials, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

**Patents.**

We do not own any rights in, or licenses to, any patents.

**Confidential Information.**

Our confidential information will include all non-public information about us, or affiliate, our franchisees, our suppliers and the System, including but not limited to, the Operations Manuals; System Standards; services; methods for operating, managing, developing or coordinating services, marketing, distribution, performance, provision or rendering of methods, techniques, equipment or supplies; recruitment, training, marketing or compensation methods; recipes, ingredients and techniques including the method of serving our Products; advertising, marketing, promotion, recruitment, human resourcing, training, sales and merchandising strategies, techniques and initiatives; any related underlying materials, analyses, compilation, forecasts, research or market studies; our prototype and layout of a Café; proprietary software (if applicable); customer lists and Customer Data (as defined in the Franchise Agreement); referral sources; training materials and class instruction, including, without limitation, additional training provided through webinars or online training videos; billing and collection methods; financial information; and other information about us and information about our Approved Suppliers; and strategic partners, business plans, employees and independent contractors (collectively, the "Confidential Information").

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 purpose other than to operate your Café. You may not copy any of our Confidential Information or give it to a third party except as we authorize. All persons affiliated with or employed by you and to whom you grant access to Confidential Information or who attend training must sign a confidentiality agreement as well as all officers, directors and equity holders.

All ideas, concepts, recipes, concoctions, mixes, flavorings, menu items, techniques and other newly developed information or materials relating to a Café, whether or not constituting protectable IP, and whether created by or on behalf of you or your Owners, Operating Principal, GMs or employees, must be promptly disclosed to us, will be considered our property and part of the System and will be considered to be works made-for-hire for us. You, your Owners, and your employees must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques or materials. You will not receive any form of compensation or consideration in exchange for ideas, concepts, techniques, recipes and other newly developed information or materials relating to a Café which you develop.

**Customer Data.**

All information, mailing lists and databases of Customer Data (as defined in the Franchise Agreement) from whatever source derived, will, at our request, and in any event when provided by you to us, be our property. You agree not to use such information, except in connection with your Café in accordance with the Franchise Agreement. You agree not to use, process, copy, display, publish, store or transfer the Customer Data without our approval. You agree to comply with all applicable laws with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Customer Data, subject in all instances to applicable laws. You will promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices of Customer Data. You agree to indemnify us for all third party claims related to your use of Customer Data.

## Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

Your Operating Principal or GM who is approved by us and who has successfully completed all initial training must devote full time to the operation of your Café and must be onsite, in charge of the operation of the Café on a day to day basis. The Operating Principal must own at least 51% of any franchisee entity. The GM does not need to own any interest in any franchisee entity. In the event you operate more than one Franchise, then each Location must have at least one individual approved by us and who successfully completes Initial Training as a GM.

You must form a corporation, limited liability company, limited partnership or limited liability partnership to own your Franchise and each of your Owners personally guarantee your obligations under the Franchise Agreement, and that they also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

All Owners and their spouses, GMs, and any Café personnel completing our Initial Training must sign our form Non-Compete, Confidentiality and Non-Solicitation Agreement which is attached as Exhibit F to the Franchise Agreement. These requirements apply whether or not an equity owner is involved in the Café's operation or management.

We restrict all employees and Café personnel from disclosing Confidential Information, and you must have all staff of the Café sign a confidentiality agreement to protect the Proprietary Marks, the Operations Manuals and other information concerning the System.

## Item 16: Restrictions on What the Franchisee May Sell

You must operate your Café in strict conformity with the System, as explained in the Operations Manuals, and in other writings by us from time to time. You must use the Location only for the operation of the Café and may not operate any other business at or from the Location without our express prior written consent. You must keep the premises open and in operation for such hours and days as we may, from time to time, specify in the Operations Manuals or as we may otherwise approve in writing. We do not impose any restriction on the customers you may serve at your Café.

We require you to offer and sell only those Products and services that we approve and in the manner and with the specifications we approve including ingredients, weight, size, form, packaging, quality and quantity. We maintain a written list of approved goods and services in our Operations Manuals. You must refrain from deviating from our standards and specifications without our prior written consent and must discontinue selling and offering for sale any menu items, Products, or services which we may disapprove at any time. We reserve the right to designate additional required or optional services or Products in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements.

We may require you to introduce test menu items or products for sale in the Café. You must discontinue offering any test menu item or product that we do not adopt for permanent sale.

## Item 17: Renewal, Termination, Transfer, and Dispute Resolution

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and Development Rights Rider. You should read these provisions in the Franchise Agreement and Development Rights Rider attached to this Disclosure Document.**

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| a. Term of Franchise | F.A. Section 2.3 | Ten (10) years from the effective date of the Franchise Agreement. |
| b. Renewal or extension of the term | F.A. Section 2.5 | If you are in good standing and comply with all of the renewal conditions, upon expiration of your original Franchise Agreement, you will have the right to renew your franchise for one (1) additional ten (10) year term. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| c. Requirements for you to renew or extend | F.A. Section 2.5 | Requirements include: (i) you provide us at least one hundred eighty (180) days prior notice; (ii) you complete, to our satisfaction, all refurbishment, maintenance and upgrading necessary; (iii) you are in good standing; (iv) you satisfy all monetary obligations you owe us, our affiliates, the Brand Fund, any cooperative and our Approved Suppliers and vendors; (v) you execute our then-current form of Franchise Agreement; (vi) you satisfy our then-current training requirements; (vii) you and your Owners sign a general release; (viii) you obtain an extension or renewal of your lease (if applicable); (ix) you agree to our reasonable proposed modification of your Protected Area, if any, due to shifts in population; and (x) you pay us a fee equal to the greater of $10,000 or twenty-five percent (25%) of the then-current initial franchise fee. The then-current standard franchise agreement may contain materially different terms and conditions than your original Franchise Agreement. |
| d. Termination by you | F.A. Section 18.1 | Upon our material breach which we do not cure or attempt to cure within ninety (90) days of your written notice. You may not otherwise terminate the Franchise Agreement. |
| e. Termination by Us without cause | None | We may not terminate the Franchise Agreement without cause. |
| f. Termination by us with cause | F.A. Section 18 | Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. |
| g. "Cause" defined-defaults which can be cured | F.A. Section 18.3 | Curable defaults include any of the following events if not cured within the time period specified in the Franchise Agreement: (i) you submit understated Net Sales or other income reports; (ii) you fail to maintain and operate the Café in a good, clean, and wholesome manner; (iii) you deny our right to inspect the Café; (iv) you use ingredients or sell food or beverage products that fail to conform to the specifications; (v) you fail to maintain and operate the Café consistently with the Operations Manual or our standards; (vi) you fail to remit any payments immediately when due to us; (vii) you fail to remit any payments immediately when due to a supplier, vendor, broker, landlord, the Cooperative, or other third party owed by the Café; (viii) you fail to submit to us any financial reports or other information required under the Franchise Agreement; (ix) you fail to maintain proper insurance; (x) you interfere with our ability to access the POS System or our ability to access the account used to transfer certain fees; (xi) you operate the Café in an unhealthy or unsafe manner; (xii) you fail to obtain and maintain any required license or fail to comply with applicable laws and regulations; or (xiii) you breach any other obligation, covenant or representation under the Franchise Agreement. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| h. "Cause" defined-defaults which cannot be cured | F.A. Section 18.2 | Non-curable defaults include: (i) making any unauthorized transfer of the Café or Franchise Agreement; (ii) failing to commence business within the time prescribed in the Franchise Agreement; (iii) failing to purchase or lease a suitable Location within one hundred fifty (150) days after execution of the Franchise Agreement; (iv) abandoning or failing to operate the Café for three (3) consecutive business days; (v) violating or breaching any of the Franchise Agreement’s restrictive covenants or intellectual property provisions; (vi) bankruptcy or insolvency; (vii) failing to successfully complete Initial Training; (viii) the entering of certain judgments or liens against you or your property; (ix) termination of your right of possession to the Café’s Location; (x) knowingly selling products or using ingredients that fail to conform to the specifications or failing to sell products designated by us; (xi) knowingly failing to report accurately the Net Sales of the Franchise or committing fraud, misrepresentation or a similar act or omission against us, related entities or a third party; (xii) defaulting, on two (2) or more separate occasions within any period of twelve (12) consecutive months, whether or not cured, on any of your material obligations to us or an affiliate; (xiii) engaging in any misconduct which hurts the goodwill of the System; (xiv) conviction of or plea of no contest to a violation of certain laws or regulations; or (xv) failing to pay any taxes when due. |
| i. Your obligations on termination/non-renewal | F.A. Section 18.6 | You must: (i) immediately cease to use any of the Confidential Information, the IP and the Proprietary Marks; (ii) immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the Confidential Information or any materials bearing the Intellectual Property or the Proprietary Marks and all copies and records of any customer or other similar lists; (iii) upon our request, cooperate in assigning to us or to a person or entity designated by us any and all vendor agreements or sales or service contracts; (iv) immediately cease all use of our IP and stop holding yourself out to the public as associated with us in any way including removing all trade dress; (v) immediately cease using all Social Media Platforms and do all things necessary to remove your administrative access to these platforms; (vi) terminate your access to the e-commerce activities we designate and assign to us all telephone numbers, e-name and directory listings associated in any way with Bare Blends and our Proprietary Marks, and direct the telephone company to transfer all such numbers and listings to us or our designee; (vii) immediately pay us all unpaid fees and pay us, our affiliates, and our approved and designated suppliers and vendors, all other monies owed; (viii) comply with the post-termination covenants; and (ix) cease any and all contact with suppliers, vendors, employees or our agents without our prior written consent. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| j. Assignment of contract by us | F.A. Section 16.1 | No restrictions on our right to assign. |
| k. "Transfer" by you - definition | F.A. Section 16.3 | Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement or the assets of or ownership interest in the Café. |
| l. Our approval of transfer by franchisee | F.A. Section 16.5 | We have the right to approve but will not unreasonably withhold approval. |
| m. Conditions for our approval of transfer | F.A. Section 16.6 | Conditions include: (i) the transferee and its owners meet or exceed the approval criteria including passing a background check all at our sole discretion; (ii) you pay all amounts owed to us or to third-party creditors and have submitted all required reports and statements; (iii) if applicable, the new Operating Principal of transferee completes our required training program; (iv) transferee enters into our then-current form of franchise agreement and any required related agreements; (v) the transferee agrees to upgrade the Café to conform to our then-current System Standards; (vi) the transfer fee is paid; (vii) you and all transferring Owners have signed a general release; (viii) we approve the material terms and conditions of such transfer and if the transferee is financing the purchase, the transferee must be able to comply with the debt terms of the arrangement based on past operating history; (ix) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners subordinate transferee's obligation to pay you to our right to Royalty Fees, Brand Fund Contributions and other amounts due to us and otherwise to comply with the Franchise Agreement; and (x) upon our request, you have agreed that you will provide guidance and support for a period of no less than thirty (30) days from the day the transferee satisfactorily completes all training. |
| n. Our right of first refusal to acquire your business | F.A. Section 16.10 | Within thirty (30) days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party provided that we may substitute cash in place of any finance terms. |
| o. Our option to purchase your business | F.A. Section 16.10 | If the Franchise Agreement is terminated by either party or you cease to do business for any reason, we have the right to purchase your assets at book value (cost less depreciation). |
| p. Your death or disability | F.A. Sections 16.7 & 16.8 | Your Café or an ownership interest in you must be assigned to an approved buyer in the time we designate and must be run by a trained operator during the period before the assignment. Assignment is subject to our right of first refusal. We have the right to manage the Café and charge a management fee if we feel, in our sole discretion, that the Café is not being operated properly. |
| q. Non-competition covenants during the term of the franchise | F.A. Section 7.2 | The Owners, spouses of Owners, Operating Principals and GMs are prohibited from operating or having an interest in any type of business that creates, develops, markets or sells juices, smoothies or healthy concept food bowls. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| r. Non-competition covenants after the franchise is terminated or expires | F.A. Section 17.6 | Your Owners are prohibited from (i) operating or having an interest in any type of business that creates, develops, markets or sells juices, smoothies or healthy concept food bowls within a twenty (20) mile radius of the protected area of any franchise or company owned outlet for a period of twenty-four (24) months; (ii) soliciting our strategic partners or other personnel with whom we do business to accept employment or affiliation with you; (iii) soliciting our customers; or (iv) disparaging us or the System in any way. |
| s. Modification of the agreement | F.A. Sections 8.1 & 22.3 | You must comply with the Operations Manuals as periodically amended. The Franchise Agreement may only be modified or amended in writing signed by all parties. |
| t. Integration/merger clause | F.A. Section 22.3 | 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 may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | F.A. Sections 21.4 & 21.5 | Disputes between you and us may be settled by non-binding mediation or by binding arbitration in Delaware at our sole discretion. |
| v. Choice of forum | F.A. Section 21.2 | Delaware (subject to applicable state law). |
| w. Choice of law | F.A. Section 21.1 | Delaware (subject to applicable state law). |
| x. Waiver of jury clause | F.A. Section 21.12 | Both parties agree to waive the right to a jury trial for all disputes (subject to applicable state law). |

**This table lists certain important provisions of the Development Rights Rider. You should read these provisions in the Development Rights Rider attached to this Disclosure Document.**

| Provision | Section in Development Rights Rider | Summary |
|---|---|---|
| a. Length of the franchise term | Section 7 | The date the Development Rights Rider is executed and ends when the final Café to be developed has been opened or the Development Rights Rider is terminated. |
| b. Renewal or extension of the term | None | There is no renewal or extension of the term. |
| c. Requirements for franchisee to renew or extend | None | There is no renewal or extension option. |
| d. Termination by franchisee | None | You may not terminate. |
| e. Termination by franchisor without cause | None | We may not terminate the Development Rights Rider without cause. |

| Provision | Section in Development Rights Rider | Summary |
|---|---|---|
| f. Termination by franchisor with cause | Section 8 | We may terminate the Development Rights Rider upon written notice of termination. |
| g. "Cause" defined - curable defaults | None | There are no curable defaults in the Development Rights Rider. |
| h. "Cause" defined - non-curable defaults | None | We may terminate the Development Rights Rider (a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under the Rider; (b) if the Franchise Agreement is terminated or any other franchise agreement between us and you for a Café is terminated; or (c) if we have delivered a formal written notice of default to you under the Franchise Agreement whether or not you cure that default and whether or not we subsequently terminate the Franchise Agreement. |
| i. Franchisee's obligations on termination/non-renewal | None | There are no obligations on termination/non-renewal in the Development Rights Rider. |
| j. Assignment of contract by franchisor | Section 9 | Your development rights are not assignable under any circumstances. |
| k. "Transfer" by franchisee – definition | None | You may not transfer under the Development Rights Rider. |
| l. Franchisor approval of Transfer by franchisee | None | You may not transfer under the Development Rights Rider. |
| m. Conditions for franchisor approval of transfer | None | You may not transfer under the Development Rights Rider. |
| n. Franchisor's right of first refusal to acquire franchisee's business | None | A right of first refusal is not in the Development Rights Rider. |
| o. Franchisor's option to purchase franchisee's business | None | Franchisor's option to purchase franchisee's business in not in the Development Rights Rider. |
| p. Death or disability of franchisee | None | Death or disability of franchisee is not contained in the Development Rights Rider. |
| q. Non-competition covenants during the term of the franchise | None | Non-competition covenants during the term of the Franchise is not contained in the Development Rights Rider. |
| r. Non-competition covenants after the franchise is terminated or expires | None | Non-competition covenants after the franchise is terminated or expires is not contained in the Development Rights Rider. |
| s. Modification of the agreement | Section 10 | Except as provided in the Development Rights Rider, the Franchise Agreement remains in full force and effect. |

| Provision | Section in Development Rights Rider | Summary |
|---|---|---|
| t. Integration/merger clause | None | Integration/merger clause is not contained in the Development Rights Rider. |
| u. Dispute resolution by arbitration or mediation | None | Dispute resolution by arbitration or mediation is not contained in the Development Rights Rider. |
| v. Choice of forum | None | Choice of forum is not contained in the Development Rights Rider. |
| w. Choice of law | None | Choice of law is not contained in the Development Rights Rider. |

## Item 18: Public Figures

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

## 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 three Café's open and operating that are owned by Bare Blends LLC as further detailed in Item 1 (each an "Affiliate-Owned Café"). The first Affiliate-Owned Café opened on November 16, 2018 ("Affiliate-Owned Café #1") and operates out of a space that is approximately 3,000 square feet. The second Affiliate-Owned Café opened in February of 2021 ("Affiliate-Owned Café #2") and operates out of a space that is approximately 1,200 square feet. The third Affiliate-Owned Café opened in March of 2021 ("Affiliate-Owned Café #3") and operates out of a space that is approximately 3,000 square feet.

As of December 31, 2022, there were four Bare Blends franchised locations in operating during the 2022 calendar year (each, a "Franchised Location"). The first Franchised Location opened in November of 2021 ("Franchised Location #1") and operates out of a space that is approximately 1,200 square feet. The second Franchised Location opened in January of 2022 ("Franchised Location #2") and operates out of a space that is approximately 990 square feet. The third Franchised Location opened in March of 2022 ("Franchised Location #3") and operates out of a space that is approximately 1,017 square feet. The fourth Franchised Location opened in July of 2022 ("Franchised Location #4") and operates out of a space that is approximately 960 square feet.

This financial performance representation represents the period of operation from January 1, 2022 through December 31, 2022 (the "Measurement Period") for the Affiliate-Owned Cafés and Franchised Locations. If any locations were open for less than the full 2022 Measurement Period, that is noted.

The reasonable basis for inclusion of this Financial Performance Representation is the Affiliate-Owned Cafés are similar to the Franchises being offered under this Disclosure Document in terms of operations, computer system, and Product offerings. The operational characteristics that make the Affiliate-Owned Cafés different are the facts that it does not pay any Royalty Fees or Brand Fund Contributions to us or expend any minimum amount on local advertising and is not subject to territorial advertising restrictions.

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

| **Affiliate-Owned Cafés Sales<br>January 1, 2022 to December 31, 2022** | | |
|---|---|---|
| | **Total Monthly Average Gross Sales per Unit(3)** | **Total Gross Sales(4)** |
| **Affiliate-Owned Café #1**<br><br>3,000 square feet Opened 11/2021 | $92,729.02 | $1,112,748.28 |
| **Affiliate-Owned Café #2**<br><br>1,200 square feet Opened 2/2021 | $44,587.05 | $535,044.59 |
| **Affiliate-Owned Café #3**<br><br>3,000 square feet Opened 3/2021 | $60,336.29 | $724,035.43 |

| **Franchised Cafés Sales** | | | |
|---|---|---|---|
| | **Measurement Period** | **Monthly Average Gross Sales per Unit(1)** | **Total Gross Sales(2)** |
| **Franchised Café #1**<br><br>1,200 square feet<br><br>Opened 11/2021 | January 1, 2022 to December 31, 2022 | $20,364.36 | $244,372.31 |
| **Franchised** | January 2022 to December 31, | $47,420.69 | $521,627.54 |

| | | | |
|---|---|---|---|
| **Café #2**<br><br>990 square feet<br><br>Opened 1/2022 | 2022 | | |
| **Franchised Café #3**<br><br>1,017 square feet<br><br>Opened 3/2022 | Mid-March 2022 to December 31, 2022 | $37,298.91 | $372,989.07 |
| **Franchised Café #4**<br><br>960 square feet<br><br>Opened 7/2022 | Late July 2022 to December 31, 2022 | $39,833.99 | $199,169.98 |

1. "Monthly Average Gross Sales Per Unit" is defined as the sum of the Total Gross Sales of an Affiliate-Owned Café or Franchised Location divided by the number of months in operation during the Measurement Period.

2. "Total Gross Sales" means the total selling price of all services and Products, other products and all revenue and income of any kind relating to the Affiliate Owned Café and/or Franchised Location including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Affiliate Owned Café and/or Franchised Location, 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 Affiliate Owned Café and/or Franchised Location 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 in barter or exchange for 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 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.

3. Franchised Location #2 was only open for 11 months of the Measurement Period.

4. Franchised Location #3 was only open for 10 months of the Measurement Period.

5. Franchised Location #4 was only open for 5 months of the Measurement Period.

6. 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. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Café.

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

8. 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 Jessica Fuller, our CEO, at franchise@bareblends.com or (518) 227-0485, or the Federal Trade Commission, or the appropriate state regulatory agencies.

## Item 20: Outlets and Franchisee Information

**Table No. 1**
**Systemwide Outlet Summary**
**For years 2020 to 2022**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | +1 |
| | 2022 | 1 | 4 | +3 |
| Company-Owned | 2020 | 1 | 1 | 0 |
| | 2021 | 1 | 3 | +2 |
| | 2022 | 3 | 3 | 0 |
| Total Outlets | 2020 | 1 | 1 | 0 |
| | 2021 | 1 | 4 | +3 |
| | 2022 | 4 | 7 | +3 |

**Table No. 2**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years 2020 to 2022**

| State | Year | Number of Transfers |
|---|---|---|
| Total | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |

**Table No. 3**
**Status of Franchised Outlets for years 2020 to 2022**

| State | Year | Outlets At Start Of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets At End Of the Year |
|---|---|---|---|---|---|---|---|---|
| CO | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NY | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| Total | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |

**Table No. 4**
**Status of Company-Owned Outlets**
**For years 2020 to 2022**

| State | Year | Outlets Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold To Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| New York | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 2 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 3 |
| Total | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 2 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 3 |

**Table No. 5**
**Projected Openings as of December 31, 2022**

| State | Franchise Agreements Signed but Not Opened | Projected New Franchised Outlets In Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Colorado | 0 | 0 | 0 |
| Florida | 3 | 0 | 0 |
| Massachusetts | 1 | 0 | 0 |
| New Jersey | 0 | 4 | 0 |
| New York | 1 | 0 | 0 |
| Total | 5 | 4 | 0 |

A list of our current franchisees as of the issue date of this Disclosure Document is attached as Exhibit C.

There are no franchisees that have had their outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent fiscal year or who has not communicated with us within the past ten (10) weeks of the issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this disclosure document.

## Item 21: Financial Statements

Attached as Exhibit A to this Disclosure Document is our audited financial statements dated March 31, 2023, for the period ending December 31, 2022 and December 31, 2021 and dated April 13, 2022 for the period ending December 31, 2020. Our fiscal year end is December 31 of each year.

## Item 22: Contracts

Attached are copies of the following agreements relating to the offer of the Franchise:

Exhibit B: Franchise Agreement
-*Schedule I*: Location of Café and Protected Area
-Exhibit A: State Addenda to the Franchise Agreement
-Exhibit B: Co-Brand Addendum
-Exhibit C: Development Rights Rider
-Exhibit D: General Release
-Exhibit E: Personal Guaranty
-Exhibit F: Non-Compete, Confidentiality and Non-Solicitation Agreement
-Exhibit G: Electronic Funds Transfer (EFT) Authorization
-Exhibit H: Internet Websites and Listing Agreement
-Exhibit I: Telephone Listing Agreement

-Exhibit J: Collateral Assignment of Lease
-Exhibit K: Statement of Prospective Franchisee
- Exhibit L: On-Site Training Agreement

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## Item 23: Receipts

Please sign and return one copy of the receipt attached to this Disclosure Document as Exhibit I.

**Exhibit A**
**Financial Statements**

# BARE BLENDS FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022

**BARE BLENDS FRANCHISE, LLC**

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**Independent Auditor's Report**

To the Members
Bare Blends Franchise, LLC
Albany, New York

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying balance sheets of Bare Blends Franchise, LLC as of December 31, 2022, and 2021 and the related statement of operations, members' equity (deficit) and cash flows for the years ended December 31, 2022, 2021, and 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 Bare Blends Franchise, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021, and 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 Bare Blends Franchise, 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 Bare Blends Franchise, 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 Bare Blends Franchise, 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 Bare Blends Franchise, 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 31, 2023

**BARE BLENDS FRANCHISE, LLC**
**BALANCE SHEETS**

| | AS OF DECEMBER 31, 2022 | AS OF DECEMBER 31, 2021 |
|---|---|---|
| **ASSETS:** | | |
| **CURRENT ASSETS** | | |
| Cash and equivalents | $ 92,549 | $ 9,820 |
| Franchisee receivable | - | - |
| **TOTAL CURRENT ASSETS** | 92,549 | 9,820 |
| **FRANCHISE DEVELOPMENT COSTS** | 21,300 | 28,400 |
| **TOTAL ASSETS** | $ 113,849 | $ 38,220 |
| **LIABILITIES AND MEMBERS' (DEFICIT):** | | |
| **CURRENT LIABILITIES** | | |
| Non-refundable deferred franchise fees | $ 27,000 | $ 13,500 |
| **TOTAL CURRENT LIABILITIES** | 27,000 | 13,500 |
| **LONG-TERM LIABILITIES** | | |
| Non-refundable deferred franchise fees | 229,667 | 157,000 |
| **TOTAL LIABILITIES** | 256,667 | 170,500 |
| **MEMBERS' (DEFICIT)** | (142,818) | (132,280) |
| **TOTAL LIABILITIES AND MEMBERS' (DEFICIT)** | $ 113,849 | $ 38,220 |

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

**BARE BLENDS FRANCHISE, LLC**
**STATEMENTS OF OPERATIONS**

| | FOR THE YEARS ENDED DECEMBER 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **REVENUES** | | | |
| Franchise fees | $ 26,333 | $ 12,000 | $ - |
| Royalty fees | 107,141 | 2,301 | - |
| Other | 3,480 | 2,131 | - |
| | 136,954 | 16,432 | - |
| **OPERATING EXPENSES** | | | |
| Advertising and promotion | 43,933 | 6,606 | |
| Professional fees | 24,509 | 17,621 | 29,279 |
| General and administrative | 18,944 | 7,925 | 1,002 |
| Amortization | 7,100 | 7,100 | |
| **TOTAL OPERATING EXPENSES** | 94,486 | 39,252 | 30,281 |
| **OPERATING (LOSS)** | 42,468 | (22,820) | (30,281) |
| **OTHER INCOME (EXPENSE)** | - | - | - |
| **NET (LOSS)** | $ 42,468 | $ (22,820) | $ (30,281) |

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

**BARE BLENDS FRANCHISE, LLC**
**STATEMENT OF CHANGES IN MEMBERS' EQUITY (DEFICIT)**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

| | Member Contributions | Accumulated (Deficit) | Total Members' Equity (Deficit) |
|---|---|---|---|
| **BALANCE, DECEMBER 31, 2019** | **$ 40,000** | **$ (7,193)** | **$ 32,807** |
| Return of contribution | (15,000) | | (15,000) |
| Net (loss) | | (30,281) | (30,281) |
| **BALANCE, DECEMBER 31, 2020** | **25,000** | **(37,474)** | **(12,474)** |
| Distributions | | (96,986) | (96,986) |
| Net (loss) | | (22,820) | (22,820) |
| **BALANCE, DECEMBER 31, 2021** | **25,000** | **(157,280)** | **(132,280)** |
| Distributions | | (53,006) | (53,006) |
| Net income | | 42,468 | 42,468 |
| **BALANCE, DECEMBER 31, 2022** | **$ 25,000** | **$ (167,818)** | **$ (142,818)** |

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

**BARE BLENDS FRANCHISE, LLC**
**STATEMENTS OF CASH FLOWS**

| | FOR THE YEARS ENDED DECEMBER 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net (loss) | $ 42,468 | $ (22,820) | $ (30,281) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization | 7,100 | 7,100 | - |
| Recognition of non-refundable deferred franchise fees | (26,333) | (12,000) | - |
| Changes in assets and liabilities | | | |
| Franchisee receivable | - | 87,500 | (87,500) |
| Non-refundable deferred franchise fees | 112,500 | 37,500 | 145,000 |
| Net cash provided (used) by operating activities | 135,735 | 97,280 | 27,219 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | - | - | - |
| Purchase of franchise development cost | - | - | (15,500) |
| Net cash (used) in investing activities | - | - | (15,500) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Member contributions | - | - | - |
| Member distributions | (53,006) | (96,986) | |
| Return of contributions | - | - | (15,000) |
| Net cash provided by financing activities | (53,006) | (96,986) | (15,000) |
| **NET INCREASE IN CASH** | 82,729 | 294 | (3,281) |
| **CASH, BEGINNING** | 9,820 | 9,526 | 12,807 |
| **CASH, ENDING** | $ 92,549 | $ 9,820 | $ 9,526 |
| **SUPPLEMENTAL DISCLOSURES** | | | |
| Cash paid for interest | $ - | $ - | $ - |
| Cash paid for taxes | $ - | $ - | $ - |

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

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

Bare Blends Franchise, LLC ("the Company") was formed on January 6, 2020, (Inception) in the State of Delaware as a limited liability company. The Company grants franchises to qualified persons to establish and operate a fast-casual retail business offering freshly made bowls, smoothies, juices, and related nutritional products made with plant-based, quality, local ingredients under the name Bare Blends (a "Café"). All activities are conducted in a protected area.

*Affiliates and Intellectual Property*

The Company's first affiliate is Bare Blends LLC, a limited liability company organized under the laws of New York, formed on April 27, 2018. Bare Blends LLC is the current owner of the trademark "Bare Blends" and the intellectual property described below. Bare Blends LLC has operated a Café since November 2018.

On January 6, 2020, Bare Blends LLC granted the Company worldwide non-exclusive rights to use and sublicense certain intellectual property including the Proprietary Marks (defined below), copyrights, patents, know-how and trade secrets, owned and developed by Bare Blends LLC as well as any intellectual property developed by the Company and the Company's affiliates (the "IP"). The Company sublicenses the IP in connection with the sale of Bare Blends franchises as part of a comprehensive system for the operation of a Bare Blends Café offering a menu focusing on freshly made bowls, smoothies, juices, and general nutritional products made with plant-based local ingredients using our recipes, methods, policies, procedures, systems, standards, specifications, know-how, information, training and business relationships, all of which we may revise, change, cancel, alter, amend, further improve, discontinue, develop or otherwise modify, from time to time (the "System").

Changes in the number of system outlets for years ended December 31, 2022, 2021 and 2020, consist of the following:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Outlets in operation, beginning | 4 | 1 | 1 |
| Outlets opened | 3 | 3 | - |
| Outlets terminated or closed | - | - | - |
| Outlets in operation, ending | 7 | 4 | 1 |
| | | | |
| Franchised Outlets | 4 | 1 | - |
| Affiliate owned Outlets | 3 | 3 | 1 |

A summary of significant accounting policies follows:

*Basis of Presentation and Use of Estimates*

The Company's financial statements are prepared in accordance with United States generally accepted accounting principles. Those 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.

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

*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.

*Franchisee 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 allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable during the years ended December 31, 2022, 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 finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

*Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets*

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

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.

When a qualified party purchases a Bare Blend franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing royalties that are 7.0% of gross revenues. 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 royalty fees during the year ended December 31, 2020.

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

*Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets (continued)*

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

*Brand Fund Contribution*

Contributions to the brand fund are 1% of gross revenue. The Company has reserved the right to increase the brand fund contribution to 3% of gross revenue. Contributions are billed weekly and recognized as revenue when earned. The Company had no contributions to the brand fund during the year ended December 31, 2021, and 2020.

*Income Taxes*

The Company has elected to be taxed as a “Partnership” under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members 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 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 members. The Company's evaluation was performed for the years ended December 31, 2022, 2021, and 2020, for U.S. Federal Income Tax and the State of New York Income Tax.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and 2020 were $43,933. $6,606, and $0.

*Fair Value of Financial Instruments*

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

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

*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 – CONTRACT BALANCES

The Company recorded franchisee receivables and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Franchisee Receivables** | | |
| Balance Beginning of year | $ - | $ 87,500 |
| Initial franchise fees billed | 112,500 | - |
| Initial franchise fees collected | (112,500) | (87,500) |
| Balance at End of Year | $ - | $ - |
| **Deferred Non-refundable Franchise Fees:** | | |
| Balance Beginning of year | $ 170,500 | $ 145,000 |
| Deferral of non-refundable franchise fees | 112,500 | 37,500 |
| Recognition of non-refundable franchise fees | (26,333) | (12,000) |
| Balance at End of Year | $ 256,667 | $ 170,500 |

*Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs*

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2022, is as follows:

| | Non-refundable Franchise Fees |
|---|---|
| Year ending December 31: | |
| 2023 | $ 27,000 |
| 2024 | 27,000 |
| 2025 | 27,000 |
| 2026 | 27,000 |
| 2027 | 27,000 |
| Thereafter | 121,667 |
| | $ 256,667 |

## NOTE 2 – CONTRACT BALANCES (CONTINUED)

*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 2020, is as follows:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Performance obligations satisfied at a point in time | $ 110,621 | $ 4,432 | $ - |
| Performance obligations satisfied through the passage of time | 26,333 | 12,000 | - |
| Total revenues | $ 136,954 | $ 16,432 | $ - |

## NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

| | **2021** | **2021** |
|---|---|---|
| Franchise development | $ 35,500 | $ 35,500 |
| Accumulated amortization | (14,200) | (7,100) |
| | $ 21,300 | $ 28,400 |

Amortization for the years ended December 31, 2022, 2021 and 2020 was $7,100, $7,100, and $0 Annual amortization is expected to be $7,100 per year for the next three years.

## NOTE 4 – 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 5 - SUBSEQUENT EVENTS

*Date of Management's Evaluation*

Management has evaluated subsequent events through March 31, 2023, the date on which the financial statements were available to be issued.

# BARE BLENDS FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2021

**BARE BLENDS FRANCHISE, LLC**

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REESE CPA LLC

**Independent Auditor's Report**

To the Members
Bare Blends Franchise, LLC
Albany, New York

**Report on the Financial Statements**

We have audited the accompanying balance sheets of Bare Blends Franchise, LLC as of December 31, 2021, and 2020 and the related statement of operations, members' equity (deficit) and cash flows for the years ended December 31, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019, 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 Bare Blends Franchise, LLC as of December 31, 2021 and 2020 and the results of their operations and their cash flows for the years ended December 31, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
April 13, 2022

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

**BARE BLENDS FRANCHISE, LLC**
**BALANCE SHEETS**

| | AS OF DECEMBER 31, 2021 | AS OF DECEMBER 31, 2020 |
|---|---|---|
| **ASSETS:** | | |
| **CURRENT ASSETS** | | |
| Cash and equivalents | $ 9,820 | $ 9,526 |
| Franchisee receivable | - | 87,500 |
| **TOTAL CURRENT ASSETS** | 9,820 | 97,026 |
| **FRANCHISE DEVELOPMENT COSTS** | 28,400 | 35,500 |
| **TOTAL ASSETS** | $ 38,220 | $ 132,526 |
| **LIABILITIES AND MEMBERS' (DEFICIT):** | | |
| **CURRENT LIABILITIES** | | |
| Non-refundable deferred franchise fees | $ 13,500 | $ - |
| **TOTAL CURRENT LIABILITIES** | 13,500 | - |
| **LONG-TERM LIABILITIES** | | |
| Non-refundable deferred franchise fees | 157,000 | 145,000 |
| **TOTAL LIABILITIES** | 170,500 | 145,000 |
| **MEMBERS' (DEFICIT)** | (132,280) | (12,474) |
| **TOTAL LIABILITIES AND MEMBERS' (DEFICIT)** | $ 38,220 | $ 132,526 |

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

**BARE BLENDS FRANCHISE, LLC**
**STATEMENTS OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2021, 2020 AND THE PERIOD FROM APRIL 1, 2019 (INCEPTION) THROUGH DECEMBER 31, 2019**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **REVENUES** | | | |
| Franchise fees | $ 12,000 | $ - | $ - |
| Royalty fees | 2,301 | - | - |
| Other | 2,131 | - | - |
| | 16,432 | - | - |
| **OPERATING EXPENSES** | | | |
| Professional fees | 17,621 | 29,279 | 7,134 |
| General and administrative | 7,925 | 1,002 | 59 |
| Advertising and promotion | 6,606 | | |
| Amortization | 7,100 | | |
| **TOTAL OPERATING EXPENSES** | 39,252 | 30,281 | 7,193 |
| **OPERATING (LOSS)** | (22,820) | (30,281) | (7,193) |
| **OTHER INCOME (EXPENSE)** | - | - | - |
| **NET (LOSS)** | $ (22,820) | $ (30,281) | $ (7,193) |

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

**BARE BLENDS FRANCHISE, LLC**
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2021, 2020 AND THE PERIOD FROM APRIL 1, 2019 (INCEPTION) THROUGH DECEMBER 31, 2019**

| | Member Contributions | Accumulated (Deficit) | Total Members' Equity |
|---|---|---|---|
| **BALANCE, APRIL 1, 2019** | **$ -** | **$ -** | **$ -** |
| Member contributions | 40,000 | - | 40,000 |
| Net (loss) | - | (7,193) | (7,193) |
| **BALANCE, DECEMBER 31, 2019** | 40,000 | (7,193) | 32,807 |
| Return of contribution | (15,000) | | (15,000) |
| Net (loss) | | (30,281) | (30,281) |
| **BALANCE, DECEMBER 31, 2020** | 25,000 | (37,474) | (12,474) |
| Distributions | | (96,986) | (96,986) |
| Net (loss) | | (22,820) | (22,820) |
| **BALANCE, DECEMBER 31, 2021** | $ 25,000 | $ (157,280) | $ (132,280) |

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

**BARE BLENDS FRANCHISE, LLC**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2021, 2020 AND THE PERIOD FROM APRIL 1, 2019 (INCEPTION) THROUGH DECEMBER 31, 2019**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net (loss) | $ (22,820) | $ (30,281) | $ (7,193) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization | 7,100 | - | - |
| Recognition of non-refundable deferred franchise fees | (12,000) | - | - |
| Changes in assets and liabilities | | | |
| Franchisee receivable | 87,500 | (87,500) | |
| Non-refundable deferred franchise fees | 37,500 | 145,000 | |
| Net cash provided (used) by operating activities | 97,280 | 27,219 | (7,193) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | - | - | - |
| Purchase of franchise development cost | - | (15,500) | (20,000) |
| Net cash (used) in investing activities | - | (15,500) | (20,000) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Member contributions | - | - | 40,000 |
| Member distributions | (96,986) | | |
| Return of contributions | - | (15,000) | - |
| Net cash provided by financing activities | (96,986) | (15,000) | 40,000 |
| **NET INCREASE IN CASH** | 294 | (3,281) | 12,807 |
| **CASH, BEGINNING** | 9,526 | 12,807 | - |
| **CASH, ENDING** | $ 9,820 | $ 9,526 | $ 12,807 |
| **SUPPLEMENTAL DISCLOSURES** | | | |
| Cash paid for interest | $ - | $ - | $ - |
| Cash paid for taxes | $ - | $ - | $ - |

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

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

Bare Blends Franchise, LLC ("the Company") was formed on January 6, 2020, (Inception) in the State of Delaware as a limited liability company. The Company grants franchises to qualified persons to establish and operate a fast-casual retail business offering freshly made bowls, smoothies, juices, and related nutritional products made with plant-based, quality, local ingredients under the name Bare Blends (a “Café”). All activities are conducted in a protected area.

*Affiliates and Intellectual Property*

The Company’s first affiliate is Bare Blends LLC, a limited liability company organized under the laws of New York, formed on April 27, 2018. Bare Blends LLC is the current owner of the trademark “Bare Blends” and the intellectual property described below. Bare Blends LLC has operated a Café since November 2018.

On January 6, 2020, Bare Blends LLC granted the Company worldwide non-exclusive rights to use and sublicense certain intellectual property including the Proprietary Marks (defined below), copyrights, patents, know-how and trade secrets, owned and developed by Bare Blends LLC as well as any intellectual property developed by the Company and the Company’s affiliates (the “IP”). The Company sublicenses the IP in connection with the sale of Bare Blends franchises as part of a comprehensive system for the operation of a Bare Blends Café offering a menu focusing on freshly made bowls, smoothies, juices, and general nutritional products made with plant-based local ingredients using our recipes, methods, policies, procedures, systems, standards, specifications, know-how, information, training and business relationships, all of which we may revise, change, cancel, alter, amend, further improve, discontinue, develop or otherwise modify, from time to time (the “System”).

The Company’s second affiliate is The Hot Yoga Spot Franchise, LLC, a limited liability company organized under the laws of Delaware, formed on April 8, 2018 (“THYSF”). THYSF offers fitness studio franchises under the name “The Hot Yoga Spot.” THYSF has offered franchises since April 2018 to 2021.

Changes in the number of system outlets for years ended December 31, 2021, 2020 and the period from April 1, 2019, through December 31, 2019, consist of the following:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Outlets in operation, beginning | 1 | 1 | 1 |
| Outlets opened | 3 | - | - |
| Outlets terminated or closed | - | - | - |
| Outlets in operation, ending | 4 | 1 | 1 |
| | | | |
| Franchised Outlets | 1 | - | - |
| Affiliate owned Outlets | 3 | 1 | 1 |

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

*Activity Prior to Formation and for the Period from April 1, 2019, through December 31, 2019*

The Company's organizational activities prior to formation and for the period from April 1, 2019, through January 5, 2020, was conducted as part of the Company's affiliate Bare Blends LLC. That activity was conducted through a separate bank account and accounted for in a separate record. On January 6, 2020, all assets, liabilities and equity transactions associated with that historical activity were incorporated into the accounting records of the Company on a historical basis from the beginning of such activity which commenced on April 1, 2019. There were no franchise organizational activities conducted by Bare Blends, LLC prior to April 1, 2019.

*COVID-19*

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a pandemic. In response, many states implemented measures to combat the outbreak including, but not limited to, temporarily closing businesses. The franchised location and the affiliate owned locations temporarily closed at this time. The locations have since opened at 50% capacity. The Company does not anticipate the capacity restrictions to become permanent and no impairments have been recorded as of the balance sheet date; however, the Company will continue to monitor the situation. The Company's results of operations, cash flows, and financial condition could continue to be negatively impacted, however the extent of the impact cannot be reasonably estimated at this time.

A summary of significant accounting policies follows:

*Basis of Presentation and Use of Estimates*

The Company's financial statements are prepared in accordance with United States generally accepted accounting principles. Those 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.

*Franchisee 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 allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable during the years ended December 31, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019.

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

*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 finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

*Revenue Recognition, Non-refundable Deferred Franchise Fees and Franchise Acquisition Assets*

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

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.

When a qualified party purchases a Bare Blend franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing royalties that are 7.0% of gross revenues. 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 royalty fees during the year ended December 31, 2020, and the period from April 1, 2019 (Inception) through December 31, 2019.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as expense when the related performance obligation has been satisfied. The Company has no revenue from initial fees during the period from April 1, 2019, through December 31, 2019.

*Brand Fund Contribution*

Contributions to the brand fund are 1% of gross revenue. The Company has reserved the right to increase the brand fund contribution to 3% of gross revenue. Contributions are billed weekly and recognized as revenue when earned. The Company had no contributions to the brand fund during the year ended December 31, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019.

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

*Income Taxes*

The Company has elected to be taxed as a "Partnership" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes has 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 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 members. The Company's evaluation was performed for the year ended December 31, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019, for U.S. Federal Income Tax and the State of New York Income Tax.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019, was $6,606, $0 and $0.

*Fair Value of Financial Instruments*

For the Company's financial instruments which 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 – CONTRACT BALANCES

The Company recorded franchisee receivables and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Franchisee Receivables** | | |
| Balance Beginning of year | $ 87,500 | $ - |
| Initial franchise fees billed | - | 145,000 |
| Initial franchise fees collected | (87,500) | (57,500) |
| Balance at End of Year | $ - | $ 87,500 |
| **Deferred Non-refundable Franchise Fees:** | | |
| Balance Beginning of year | $ 145,000 | $ - |
| Deferral of non-refundable franchise fees | 37,500 | 145,000 |
| Recognition of non-refundable franchise fees | (12,000) | - |
| Balance at End of Year | $ 170,500 | $ 145,000 |

*Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs*

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2021, is as follows:

| | Non-refundable Franchise Fees |
|---|---|
| Year ending December 31: | |
| 2022 | $ 13,500 |
| 2023 | 13,500 |
| 2024 | 13,500 |
| 2025 | 13,500 |
| 2026 | 13,500 |
| Thereafter | 103,000 |
| | $ 170,500 |

*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, 2021, 2020 and the period from April 1, 2019 (Inception) through December 31, 2019, is as follows:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Performance obligations satisfied at a point in time | $ 2,131 | $ - | $ - |
| Performance obligations satisfied through the passage of time | 14,301 | - | - |
| Total revenues | $ 16,432 | $ - | $ - |

## NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

| | 2021 | 2020 |
|---|---|---|
| Franchise development | $ 35,500 | $ 35,500 |
| Accumulated amortization | (7,100) | - |
| | $ 28,400 | $ 35,500 |

Amortization of the franchise development cost will begin with the Company's first franchise sale and continue over the initial franchise term of 5 years. Annual amortization is expected to be $7,100 per year.

## NOTE 4 – 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 5 - SUBSEQUENT EVENTS

*Date of Management's Evaluation*

Management has evaluated subsequent events through April 13, 2022, the date on which the financial statements were available to be issued.

**Exhibit B**
**Franchise Agreement**

**BARE BLENDS FRANCHISE AGREEMENT**

**NAME: ______________________________**

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# FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (this "Agreement") is effective as of the date set forth on Schedule I (the "Effective Date") for the operation of a Bare Blends Café (the "Café") between Bare Blends Franchise, LLC, a Delaware limited liability company ("we," "us" or "our"), and the business entity set forth on Schedule I ("you" or "your") (collectively, you and we are referred to as the "parties" and individually sometimes referred to as a "party") for the purpose of granting you the rights necessary to operate the Café (the "Franchise").

## 1. PREAMBLE AND STATEMENTS OF UNDERLYING FACTS.

1.1 **The Bare Blends System**. As a result of the expenditure of time, effort, and money, we and our affiliates have developed a unique system licensing to franchisees a business model for establishing and operating a business offering freshly made bowls, smoothies, juices, and general nutritional products made with plant-based, quality, local ingredients, which offering may also include prepackaged food items; clothing and other wearing apparel; napkins, cups, glasses, dishware or other similar items and supplies that advertise or promote us or our affiliate (the "Products"), all prepared using certain formulas, recipes, and methods of production and marketed using certain valuable trade names in conjunction with certain color schemes, signs, equipment, layouts, and Café designs. Bare Blends franchises sell our Products and provide ancillary services using our distinctive formats, methods, policies, procedures, standards, specifications, information, training and business relationships, all of which we, in our sole judgment, may change, alter, amend, further improve, discontinue, develop or otherwise modify from time to time (collectively, the "System"). We offer two types of franchised Bare Blends Cafés. We offer qualified franchisees the right to operate a traditional Bare Blends Café ("Traditional Café" or "Traditional Franchise") that is separate from any other business. We also offer a cobranded Bare Blends Café ("Co-Branded Café" or "Co-Branded Franchise") located either within a health or fitness business or directly adjacent to a health or fitness business. In order to qualify for a Co-Branded Café, you must own the adjacent health or fitness business and must demonstrate a volume level of at least 100 customer visits per day for the last twelve months. If we grant you the right to operate a Co-Branded Franchise, you will also sign the Co-Brand Addendum attached to the Agreement as Exhibit B (the "Co-Brand Addendum"). Unless otherwise indicated in this Agreement, the term "Franchise" refers to both a Traditional Franchise and a Co-Branded Franchise.

1.2 **The Intellectual Property**. The distinguishing characteristics of the System include, but are not limited to, the name "Bare Blends Café" together with such other trade names, service marks, and trademarks (collectively, the "Marks") and all other intellectual property, including, without limitation, all inventions, patents, patent applications, recipes, ingredients, concoctions, formulas, food preparation methods and procedures, copyrights, titles, symbols, logotypes, trade dresses, emblems, slogans, insignias, terms, know-how, methods, specifications, designations, designs, diagrams, anecdotes, artworks, worksheets, techniques, rules, ideas, course materials, advertising and promotional materials, and other audio, video and written materials developed and designated for use in connection with the System, including the URL websites www.bareblends.com and www.bareblendsfranchise.com or as we may hereafter acquire, develop or designate for use in connection with the System (together with the Marks, the "Intellectual Property").

1.3 **The License**. Bare Blends LLC, a New York limited liability company ("BB"), our affiliate, granted us a license to use the Marks and certain other Intellectual Property to operate the System with the right to sublicense such Marks and Intellectual Property to qualified franchisees to own and operate a Franchise. We grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to own and operate a Franchise using the System, the Intellectual Property and the Marks.

1.4 **The Franchise**. You desire to acquire the right to operate a Franchise, using the System, the Intellectual Property and the Marks.

1.5 **Franchisee's Application**. You submitted an application to us representing and warranting that all information, including financial information, provided to us is true, complete, correct and not misleading in any material respects ("Franchise Application"). We approved the Franchise Application in reliance upon your representations and warranties set forth therein.

1.6 **Acknowledgments**. You understand that the terms of this Agreement are reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards among all Franchises ("System Standards"), and to protect and preserve the goodwill of the Marks, the Intellectual Property and the System.

## 2. GRANT OF FRANCHISE

2.1 **Franchise Grant**. The grant of the Franchise hereunder is exclusively for the purpose of operating the Café at an address which, if known at the time of execution of this Agreement, shall be set forth on Schedule I (the "Location") or if not known at the execution of this Agreement, shall be located within the "Designated Area" described on Schedule I. We grant and you accept the right and obligation for the Term (as defined in Section 2.3):

(a) to develop and open the Café at the Location or within the Designated Area if a Location is not yet determined;

(b) to host off-site events that offer the Products and/or offer catering and delivery services within the Protected Area (as defined in Section 2.2 below), but only with our prior written consent;

(c) to adopt and use the System in the operation of the Café;

(d) to advertise to the public that you are a Bare Blends Café franchisee; and

(e) to adopt and use the Intellectual Property, but only in connection with the sale of Products which have been designated by us at the Café.

2.2 **Reservation of Rights**. The rights granted under this Franchise shall only include the right to sell the menu items from the Location to retail guests for consumption on the premises or carry-out and, with our prior written consent, to host off-site events that offer the Products and/or offer catering and delivery services within the Protected Area. We reserve and retain all rights that this Agreement does not expressly grant to you, including but not limited to:

(a) the exclusive right to own and operate Cafés at any location(s) outside of your Protected Area under the Marks or using the Intellectual Property, or to license others the right to own and operate a Café at any location(s) outside of your Protected Area under the Marks and System or using the Intellectual Property;

(b) develop and establish other business systems using the Marks, or similar or other business systems using other names or marks, and grant licenses to use those systems without providing any rights to you and locate such businesses in your Protected Area;

(c) the exclusive right to sell Products (including freshly made bowls, smoothies, juices, and general nutritional products made with plant-based, quality, local ingredients), goods and merchandise, bearing the Marks through the Internet, catalog sales, telemarketing, mail order sales or other direct marketing channels or alternative channels of distribution. These products and merchandise may be similar or identical to Products sold within your Café, and customers who purchase our Products through such channels may be located within your Protected Area, and you will receive no compensation for sales to these customers;

(d) the exclusive right to distribute our Products and merchandise to wholesalers or retail businesses (such as supermarkets, health and fitness centers, and specialty stores) ("Alternative Distributors") without compensation to you. Alternative Distributors may operate inside the Protected Area; there are no geographic limitations on the territory in which we or our affiliates may distribute Products to Alternative Distributors. Further, Alternative Distributors may engage in direct competition with your Café and there are no restrictions on the type of Products or merchandise Alternative Distributors may offer;

(e) the right to establish within the Protected Area, without your consent, and without compensation to you, another Café on the premises of any "Reserved Venue." Reserved Venues include any self-contained facility (such as a shopping mall, military base, state or national park, stadium, airport, convention center, medical center, spa, health club, YMCA, public transportation facility, toll booth plaza, corporate facility, amusement park, fairground, school or university campus or sports arena or other entertainment facility) as well as special events like street fairs, parades, sporting events, cooking competitions, food festivals, trade shows, culinary events, and similar occasions. We, our affiliates or a licensee or franchisee of ours may operate in any Reserved Venue on a temporary, seasonal or permanent basis; and

(f) the exclusive right to own and operate businesses under different marks inside or outside your Protected Area, or license or grant to others the right to own and operate businesses under different marks inside your Protected Area, so long as the business is not a retail location located in your Protected Area which primarily offers freshly made bowls, smoothies, juices, and general nutritional products; and

(g) the right to use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in this Agreement.

In addition to the rights reserved in Sections 2.2(a) through (g) above, we may acquire or merge with any existing business located inside or outside your Protected Area and operate that business using the Intellectual Property, Marks and System.

2.3 **Scope of Café Operations**.

(a) *Protected Area.* This Franchise does not, in any way, either directly or by implication, grant any other area, market or territorial rights to you, including any rights to the geographical area defined as the Designated Area, except that we will not operate or license or grant franchises to third parties for the right to operate a retail Bare Blends Café location that will provide bowls, smoothies, juices, and general nutritional products within the geographical territory described on Schedule I ("Protected Area"). Another Café may be located on the border of your Protected Area. If you fail to satisfy our System Standards, as determined in our sole discretion, we reserve the right to modify or remove the exclusivity from all or a portion of your Protected Area (allowing us or our affiliates to then operate, license or grant franchises to operate a Café within such area).

Your Protected Area does not apply to off-site events, catering services or delivery services. Nothing contained in this Agreement shall grant to you any area, market or territorial rights with respect to off-site events, catering services or delivery services even if we grant you our written consent under Section 2.1(b) to offer such services in your Protected Area. You acknowledge that we, our affiliates or a licensee or franchisee of ours may provide off-site services, catering services and/or delivery services to a location within your Protected Area and you will not be entitled to any compensation in connection with the provision of such services in your Protected Area.

(b) *Delivery Service.* You acknowledge and agree that we reserve the sole right to engage, contract with, or enter into agreements with one or more delivery aggregators such as UberEats, Grubhub, DoorDash, SkiptheDishes or other third party delivery service providers such as Postmates and Amazon Restaurants to provide delivery of our Products from your Café and other franchisees, company-owned and affiliate-owned Cafés of the System ("Outside Delivery Provider(s)"). We may require your participation on the terms negotiated with the Outside Delivery Providers. You acknowledge that you have no right to grant any Outside Delivery Provider the right to use the Marks and thus are strictly prohibited from directly entering into any agreement or contract with an Outside Delivery Provider without our prior written consent, which may be withheld in our sole discretion.

(c) *Alternative Menus, Food Concepts.* You acknowledge and understand that we or our affiliates may develop, create, offer or launch new food concepts, menus or brands, directly or indirectly through distribution, licensing, franchising or other business models, which may be competitive or complementary to the Products and Services offered by your Café. You understand this Agreement does not grant you any rights to offer the new products, services, or service lines described in this Section 2.4 or share in any of the revenue or proceeds generated from such sales.

(d) *Limited Menu Program and Qualification Program Requirements.* We reserve the right to require you to commence operations offering a limited or scaled menu until we determine, in our sole discretion, that you can satisfactorily and consistently provide our full menu in accordance with System Standards. We and our affiliates also reserve the right to establish or launch one or more certification or qualification requirements through which our franchisees may be authorized to provide additional menu items, dishes, services or products, including dual-branded concepts, which we may designate in connection with the System ("Qualification Program(s)"). We may condition a franchisee's participation in any Qualification Program on meeting certain standards, terms and requirements. Participation in a Qualification Program may require (1) additional purchase of equipment, inventory or supplies; (2) training for your General Manager (as defined in Section 3.3) and Operating Principal (as defined in Section 3.2); (3) additional marketing requirements; and (4) other conditions, all of which you must meet at your own expense. This Section does not constitute a right of first refusal for any additional franchise programs, which we or our affiliates may now or in the future create.

2.4 **Term**. Your grant to own and operate a Franchise begins on the Effective Date and ends on the tenth (10th) anniversary of the Effective Date (the "Initial Term"), unless sooner terminated pursuant to this Agreement. The word "Term" means this Initial Term and any Renewal Term (as defined below) or extension of that time period. This Agreement will not be enforceable until it has been countersigned by us and delivered to you.

2.5 **Re-Location**. You must submit to us a written request to approve any proposed new location for your Franchise if you desire to relocate your Franchise. If you wish to voluntarily relocate the Café, you must ensure that there is no operating gap between the date you close the original Location and the date you open the new, approved Location. If you lose possession of the Location through no fault of your own due to destruction of the premises, you must apply to us within thirty (30) days for our approval to relocate your Café. If you lose possession of the Location through lease cancellation (through no fault of your own), you must apply to us within seven (7) days for our approval to relocate your Café. We are not obligated to approve or consider any request for relocation and may, in our sole discretion, deny a request or require any conditions prior to the consideration of such proposed relocation. We also require that you pay our costs and expenses incurred in assisting you to relocate your Franchise, including labor, salary, travel, professional fees, demographic reports and other costs.

2.6 **Renewal**. You may renew your rights to the Franchise and the Intellectual Property in order to continue to operate a Café for one (1) additional ten (10) year term (the "Renewal Term"), provided you have met the following conditions:

(a) You have notified us of your intention to renew this Agreement in writing at least one hundred and eighty (180) days (but no more than two hundred seventy (270) days) prior to the expiration of the Initial Term;

(b) You have completed, to our satisfaction, prior to the expiration of the Initial Term, all refurbishment, maintenance and upgrading necessary to bring your Franchise into full compliance with our then-current System Standards;

(c) You are not in breach of any provision of this Agreement, or any other agreement with us, our affiliates, or our approved/designated suppliers and vendors, your landlord or a Distribution Cooperative (as defined in Section 11.7) or a Cooperative (as defined in Section 12.8) and you have substantially complied with all such agreements during their respective terms;

(d) You have satisfied all monetary obligations you owe us, our affiliates, the Brand Fund (as defined in Section 12.4), the Cooperative, the Distribution Cooperative and our approved/designated suppliers and vendors;

(e) You execute our then-current form of franchise agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of Franchises, the terms of which may vary substantially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

(f) You satisfy our then-current training requirements for renewing franchisees at your sole expense, if any;

(g) You and your Owners (as defined in Section 3.1) and their respective spouses sign a general release in the form set forth on Exhibit D (or any other form required by us or as allowed under applicable law) in favor of us and our affiliates and their respective members, officers, directors, employees, agents, successors and assigns, for all claims arising out of or related to this Agreement or any related agreements with us or our affiliates;

(h) If applicable, you obtain an extension or renewal of your lease for the entire Renewal Term and demonstrate such to our satisfaction;

(i) You agree to our reasonable proposed modification of your Protected Area boundaries, if any, due to shifts in population, commercialization or urbanization in accordance with our then-current standards; and

(j) You pay to us a renewal fee equal to the greater of ten thousand dollars ($10,000) or twenty-five percent (25%) of the then-current initial franchise fee being charged by us to new franchisees of the System.

2.7 **Extension of Term**. If you do not renew pursuant to the terms of Section 2.5 upon the expiration of the Initial Term or the Renewal Term and continue to accept the benefits of this Agreement, then, at our option, this Agreement may be treated as: (i) expired as of the date of the Initial Term's or Renewal Term's, as applicable, expiration, which will result in your operating the Franchise without a license in violation of our rights; or (ii) continued on a month-to-month basis until we provide you with notice of our intent to terminate the month-to-month term. In the latter case, all of your obligations shall remain in full force and effect as if this Agreement had not expired, and all obligations and restrictions imposed upon you upon the expiration of this Agreement shall be deemed to take effect upon the termination of the month-to-month term.

2.8 **Refusal to Renew Franchise Agreement**. We can refuse to renew your Franchise if your lease, sublease or other document by which you have the right to occupy the Location is not extended before your Renewal Term is to take effect to cover the period of such Renewal Term or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the Renewal Term. We may also refuse to renew your Franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us, our affiliates, our Approved Suppliers (as defined in Section 8.3) the Brand Fund, a Cooperative and the Distribution Cooperative when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable.

2.9 **Renewal Under Law**. Even though we decline the renewal of your Franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the applicable law, rule, regulation, statute, ordinance or order, your Renewal Term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the Renewal Term begins. If we are not then offering new Franchises, your Renewal Term will be subject to the terms in the then-current franchise agreement that we indicate. If for any reason that is not allowed, the Renewal Term will be governed by the terms of this Agreement.

2.10 **Your Election Not to Renew**. For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the Franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the renewal franchise documents required by us, together with payment of the renewal fee outlined above, or if you provide written notice to us within the final sixty (60) days of the Initial Term, indicating that you do not wish to renew this Agreement or any renewal franchise agreement or you fail to provide notice of your intention to renew in accordance with Section 2.9(a) of this Agreement.

## 3. OWNERS, OPERATION PRINCIPAL AND GENERAL MANAGER.

3.1 **Owners' Guaranty.** Simultaneously with the execution hereof, each individual owner, shareholder, general partner or member of the entity operating the Franchise (who shall all be designated as an "Owner" on Schedule I) shall execute and deliver to us a personal guaranty, substantially in the form designated on Exhibit E attached hereto (the "Guaranty"), which Guaranty shall be a condition precedent to the grant of the Franchise hereunder and pursuant to which each individual Owner shall be jointly and severally obligated to us under this Agreement.

3.2 **Operating Principal**. You agree to appoint an individual that owns at least fifty one percent (51%) of the equity interests of the legal entity which holds the Café and at least a fifty one percent (51%) right to the Café's profits as your operating principal, who shall (i) be responsible for the Café and all decisions; (ii) be granted the authority by the Franchise to bind it in any dealings with us and our affiliates; and (iii) direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Café (the "Operating Principal"). The name and address of the initial Operating Principal is set forth on Schedule I. We must approve your original and any replacement or subsequent Operating Principals in writing.

3.3 **General Manager**. Your Café must also have a person designated to work full time overseeing and operating the Café on a day-to-day basis (the "General Manager"). The Operating Principal must act as your General Manager unless you designate an employee as the General Manager that is approved by us in writing and completes the required training program to our sole satisfaction. All General Managers and Operating Principals must complete the required training program to our sole satisfaction. We must approve in writing any replacement, additional or subsequent General Managers.

3.4 **Best Efforts**. Your General Manager shall diligently and fully exploit the rights granted in this Agreement by personally devoting full time and best efforts to the operation of the Café and you and your Operating Principal shall perform your obligations under this Agreement faithfully and honestly and continue to exert your best efforts to promote and enhance the Café and the System for the full Term of this Agreement.

## 4. DEVELOPMENT, APPROVAL OF SITE, AND COMMENCEMENT OF OPERATIONS.

4.1 **Approval of Site**.

(a) If the address of the Café is not known at the time of execution of this Agreement, you shall submit a description of the proposed site which meets the site criteria set forth in our Operations Manual (as hereafter defined) within ninety (90) days of the Effective Date. We shall provide you written notice of approval or disapproval of the proposed site within fifteen (15) days after receiving your written site proposal package containing all of the information necessary to evaluate whether your proposed Location meets our site criteria standards. If we do not provide you written notice of approval or disapproval within said fifteen (15) days, the site is deemed disapproved. If your proposed site is not approved, then you must select an alternative site and repeat the site approval process until we have approved a proposed site for your Café. Our approval of a site indicates only that we believe that the site meets our site selection criteria in place at the time you submit your proposal. We disclaim all liability for the consequences of approving a particular site.

(b) You must obtain our approval of a site and purchase or enter into a lease for the approved site for the Café within the Designated Area within one hundred fifty (150) days of the Effective Date or we may terminate the Agreement pursuant to Section 18.2(c).

(c) If the Location is not designated, we shall use reasonable efforts to help analyze the Designated Area, to determine site feasibility, and to assist in the designation of the Location which we must approve. However, you acknowledge and agree that we will not conduct site selection activities on your behalf and nothing contained herein shall be interpreted as a guarantee of success for said Location nor shall any site recommendation or approval made by us be deemed a representation that any particular site is available for the Café. It shall be your sole responsibility to undertake site selection activities and otherwise secure the premises for your Café. We may, in our sole discretion, provide on-site Location selection assistance at your request and subject to our availability but you must pay our travel and out-of-pocket costs and expenses. Our site selection assistance does not constitute a warranty or guaranty that the Café will be profitable or otherwise successful at the approved Location.

4.2 **Lease Terms**. You are required to obtain our written approval before entering into a lease (including a sublease) or purchase agreement of the Location. You must deliver a copy of your fully executed lease to us within five (5) days of execution. Our consent to your lease is merely to confirm that the lease conforms to the System Standards, but we do not provide any analysis as to the terms and conditions of the lease. You and your landlord must execute a Collateral Assignment of Lease in the form attached hereto as Exhibit J or a lease containing provisions substantially similar to those contained in Exhibit J. It is your responsibility to secure signature of the Collateral Assignment of Lease or to negotiate the required provisions into any lease. Our approval of any lease shall be conditioned upon inclusion in the lease of terms acceptable to us and at our option, the lease shall contain such provisions including, but not limited to:

(a) A provision reserving to us or our nominee the right, at our election, to receive an assignment of the leasehold interest upon termination or expiration of the Agreement;

(b) A provision requiring our prior written approval of the lease and any subsequent renewals, extensions, modifications, and amendments;

(c) A provision which requires the lessor concurrently to provide us with a copy of any written notice of deficiency under the lease sent to you and which grants to us, in our sole discretion, the right (but not the obligation) to cure any deficiency under the lease within fifteen (15) days after the expiration of the period in which you had to cure any such default should you fail to do so;

(d) A provision granting us or our nominee the right of first refusal to lease the Location if the lease expires without renewal by you or terminates prior to expiration;

(e) A provision which evidences your right to display Bare Blends Café signage and to install and operate equipment in accordance with the specifications required by the System, subject only to the provisions of applicable law;

(f) A provision that the site be used solely for the operation of the Café and, if the location is in a strip shopping center or mall, the exclusive right within the shopping center or mall to operate a business which derives twenty-five percent (25%) or more of its revenue from the sale of juices, smoothies or healthy concept food bowls;

(g) A provision which expressly states that any default under the lease shall constitute a default under this Agreement; and

(h) A provision stating that you are a Bare Blends Café franchisee that is independently owned and operated.

4.3 **Café Improvements**. We will provide you with our standard design and specifications for a typical Café at no charge to you. You will construct the Café according to these designs and specifications and other specifications we provide to you, including without limitation, the fixtures and equipment to be installed in connection with constructing, outfitting, furnishing and decorating your Café, and in accordance with all applicable codes, ordinances, rules, and regulations, and pursuant to all required permits. We must approve of your architect (if required) and general contractor. The specifications for each position will be listed in the Operations Manual. You must provide us with a final design and building plan, floor plans, layouts and schematics prepared by your approved architect and general contractor in accordance with any guidelines set forth in the Operations Manual for our approval (the "Design and Construction Plan"). You acknowledge that (i) any plans and specifications we provide you may not contain the requirements of any federal, state or local law, code or regulation (including those concerning the American with Disabilities Act (the "ADA")) or similar rules governing public accommodations or commercial facilities for people with disabilities; and (ii) our review is only to ensure your compliance with our System Standards. Compliance with all federal, state and local laws and regulations are your sole responsibility. You may not use any plans until we have approved them in writing, and our silence with respect to approval or rejection of the plans will not be deemed approval thereof. You must provide written notice to us, and must obtain our prior written approval, of any proposed changes to the final plans that we previously approved. We may inspect the Café during its development to ensure compliance with our System Standards.

4.4 **Remodeling**. In addition to any remodeling required by us upon the renewal or assignment of the Franchise, you shall, upon written notice from us and at your sole cost and expense, remodel and make improvements and alterations in and to the Café and/or other items used in your Franchise as reasonably determined by us, from time to time, to be necessary to reflect our then-current specifications, standards, format, layout, image, and appearance.

4.5 **Commencement of Operations**. You must open the Café no later than two hundred and forty (240) days immediately following the execution of this Agreement. If you fail to open the Café in accordance with the preceding sentence, we may, at our sole option, terminate this Agreement.

4.6 **Reconstruction of Site**. In the event the Café is damaged or destroyed by fire or any other casualty, or is required to be repaired or reconstructed by any governmental authority, you shall, at your own expense, repair or reconstruct the Café within a reasonable time under the circumstances, however, in the event such time exceeds one hundred and twenty (120) days, we shall have the option, exercisable by us in our sole discretion, to terminate this Agreement. The minimum acceptable appearance for the restored Café will be that which existed just prior to the casualty; however, every effort should be made to have the restored Café reflect the then-current image, design and specifications of System Cafés. If the Café is substantially destroyed by fire, or any other casualty, the parties may terminate this Agreement in lieu of you reconstructing the Café.

4.7 **Time of Essence**. Time is of the essence and failure to meet any of the deadlines specified herein shall result in our right to terminate this Agreement under Section 18.

## 5. FEES AND PAYMENT

5.1 **Initial Franchise Fee**. In consideration of the Franchise granted to you by us, you must pay us an initial franchise fee of forty thousand dollars ($40,000) for the right to develop and operate one Traditional Café (the "Traditional Café Initial Franchise Fee") or an initial franchise fee of thirty-five thousand dollars ($35,000) for the right to develop and operate one Co-Branded Café ("Co-Branded Café Initial Franchise Fee"). The Traditional Café Initial Franchise Fee or Co-Branded Café Initial Franchise Fee (as applicable) is payable in one (1) full lump sum by cash, certified check or wire transfer upon the execution of this Agreement. Neither the Traditional Café Initial Franchise Fee nor the Co-Branded Café Initial Franchise Fee is refundable under any circumstance. If you are majority-owned by a qualified U.S. veteran and you purchase a Franchise, we will reduce your Initial Franchise Fee by ten percent (10%).

5.2 **Royalty Fees**. In addition to the Initial Franchise Fee, you will, for the entire Term of this Agreement, remit to us a weekly fee equal to five percent (5%) of the Franchise's total weekly Net Sales (as defined in Section 5.5 hereof) in consideration for use of the Marks, Intellectual Property and System (the "Royalty Fee") on or before Tuesday of each week based upon Net Sales for the immediately preceding week running Monday through Sunday. We reserve the right to change the frequency with which you pay Royalty Fees, in our sole discretion, upon written notice. Royalty Fees remitted to us will not be refundable under any circumstances.

5.3 **Brand Fund Contribution**. You must pay to us a weekly fee in the same manner as the Royalty Fee is paid in Section 5.2 above, equal to one percent (1%) of Net Sales for the immediately preceding week running Monday through Sunday (the "Brand Fund Contribution"). The Brand Fund

Contribution is in addition to the Royalty Fee and amounts you must spend under Sections 12.2 and 12.3 of this Agreement. We reserve the right to change the frequency with which you pay the Brand Fund Contribution, in our sole discretion, upon written notice. We may increase the Brand Fund Contribution in an amount not to exceed three percent (3%) of total Net Sales in our sole discretion. You must pay the Brand Fund Contribution directly to the Brand Fund. We may require that you use a portion or all of the Brand Fund Contribution directly for local marketing in accordance with the provisions of Section 12.2. Brand Fund Contributions remitted to us will not be refundable under any circumstances. We may periodically receive allowances, rebates or other payments from Approved Suppliers (as defined in Section 8.3) or any other supplier based on purchases from such suppliers by our franchisees, and we may elect (in our sole discretion) to contribute such allowances, rebates or other payments to the Brand Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Brand Fund does not in any manner diminish or eliminate your obligation to pay the Brand Fund or require us to continue such contributions in the future.

5.4 **Initial Training**. "Initial Training" is provided free of charge for the Operating Principal and one (1) additional trainee (which must include your General Manager, if your Operating Principal is not your General Manager). At your request, we will provide initial training to additional Owners or managers at our then current fees, which is currently five hundred dollars ($500) per person, per week. Any replacement Operating Principal or General Manager must be approved by us and must successfully complete Initial Training, for which you must pay us our then current fee. You agree that you are solely responsible for all travel and living expenses of all attendees including airfare, lodging, food, wages, and other expenses.

5.5 **Net Sales**. For the purposes of this Agreement, the term "Net Sales" means the total selling price of all services and Products, other products and all revenue and income of any kind relating to your Café including, without limitation, from the sales of food, beverages, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Café, proceeds as a result of any business interruption insurance policy you carry; 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 conducted in compliance with or in violation of the terms of the Franchise Agreement, or whether such sale is at the Café 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. For the avoidance of doubt, you shall not deduct from Net Sales any third-party delivery fees incurred in connection with the operation of the Franchise. Net 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 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 Net Sales; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Net Sales for the purpose of determining the amount of Net Sales upon which fees are due.

5.6 **Net Sales Report**. You must submit a signed report prior to each Royalty Fee and Brand Fund Contribution payment setting forth Net Sales generated during the immediately preceding week, your calculation of the fees due to us and any other information we may reasonably request in the form we prescribe and at the time set forth in the Operations Manual ("Net Sales Report"). We may change the form and content of the Net Sales Report periodically. If you do not submit a Net Sales Report when due, we have the right to compile and prepare a Net Sales Report and charge you any fees, costs and expenses for doing so that we deem reasonable plus interest on any overdue amounts in accordance with Section 5.9 below below and withdraw estimated Royalty Fees and Brand Fund Contributions equal to one hundred twenty five percent (125%) of the last Net Sales reported to us, and the parties will true-up the actual fees after you report Net Sales; provided, that nothing contained herein shall prevent us from exercising any rights we may have under this Agreement, including declaring a breach under Section 18 hereof and termination of this Agreement.

5.7 **Manner of Payment**. Unless otherwise stated in this Agreement, any fees due hereunder must be paid no later than the end of day on Tuesday of each week, by an ACH electronic funds transfer under which we automatically deduct all payments owed to us under this Agreement, or any other agreement between you and us, from your bank account. We may, with written notice, designate another method or time period for payment. You must deposit all revenues from operating the Franchise into one (1) bank account within one (1) business day of receipt, including cash, checks and credit card receipts. Before opening the Franchise, you must provide us with your bank's name, address and account number, a voided check from such bank account, and sign and give to us and your bank, all documents, including Exhibit G to this Agreement, necessary to effectuate our ability to withdraw funds from such bank account via ACH electronic funds transfer. You must immediately notify us of any change in your banking relationship, including changes in account numbers. We reserve the right to change the structure or payment method of the Royalty Fee or Brand Fund Contribution if required by applicable law.

5.8 **Insufficient Funds Fees**. If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to fifty dollars ($50) per violation. This fee is in addition to late fees and interest on any overdue amount, as described in Section 5.9 below, and any fees charged by your bank.

5.9 **Interest on Late Payments**. If any fee or other payment due to us or our affiliates under this Agreement is not paid on or before its due date, you agree to pay us, in addition to the overdue amount, interest on any overdue payment at the lower of (i) one and one-half percent (1.5%) per month; or (ii) the highest contract rate allowable by law. Interest on any overdue amount shall accrue from the original due date until payment in full is received. Interest as enumerated in this Section 5.9 shall also apply to any understated amounts as revealed by an audit of your financial records. You acknowledge that this Section 5.9 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Franchise. You further acknowledge that your failure to pay all amounts that you owe us when due constitutes grounds for our terminating this Agreement under Section 18, notwithstanding this Section.

5.10 **No Right to Set-Off**. You agree that you shall not, on grounds of the alleged nonperformance or default by us of any of our obligations under this Agreement, withhold payment of any fee or other amount payable to us under this Agreement or otherwise. Notwithstanding any designation you may make, we have the right to apply any of your payments to any of your past due indebtedness to us.

5.11 **Technology Fee**. You are required to utilize the website, technology, email, information system and software we have or will create, develop and maintain for use by our franchisees and other technology we may require (the "Required Technology"). You must pay us our then-current monthly maintenance fee for the use of the Required Technology. The monthly maintenance fee is currently seventy fifty dollars ($75) per month ("Technology Fee") which amount shall be remitted with the first Royalty Fee and Brand Fund Contribution for each month. The Technology Fee provides you with the Required Technology and the related ongoing support and maintenance we determine in our discretion, however, we reserve the right to increase the Technology Fee in the event we or our affiliates (i) develop and license to you additional software or other technology (including if we sublicense software or technology to you under a master agreement and pass through administrative costs or expenses to you); (ii) modify, improve, replace or enhance proprietary software or technology already licensed to you (as applicable); (iii) furnish you with other technology or e-commerce related software, maintenance and support services; or (iv) incur increased costs or expenses related to the Required Technology. The Technology Fee is in addition to software fees, costs or expenses you must pay directly to our Approved Suppliers (as hereafter defined).

5.12 **POS Software License Fee**. You must pay our designated third-party provider a monthly fee associated with the use of the POS System as required by the third-party. The monthly fee is currently two hundred and fifty dollars ($250) per month. We have the right to increase this fee based on costs and third-party provider increases.

5.13 **Management Fee**. In the event that (i) you fail to cure a default within the applicable cure period or (ii) you are unable to provide oversight of the Franchise to prevent harmful interruption of your Café due to your death, disability or prolonged absence, we have the right to operate your Café. In the event we operate your Café, you must pay us twenty percent (20%) of Net Sales plus expenses for the management of the Café (the “Management Fee”). The reimbursable expenses include our and our representatives’ wages, travel, lodging and meals. During any management period, you will still be required to pay to us all recurring fees.

5.14 **Non-Compliance Fee**.

(a) We may charge you a One Hundred and Fifty Dollars ($150) fee for any instance where you fail to submit any required report or information due to us under this Agreement or pursuant to the Operations Manual (including but not limited to, any Gross Revenue Report, financial statements or evidence of amounts spent to satisfy any Local Advertising Requirement). If such non-compliance is ongoing, we may charge you One Hundred and Fifty Dollars ($150) per week until such report is submitted and the non-compliance is cured. This fee is a reasonable estimate of our internal cost of personnel time and other costs and expenses attributable to addressing the reporting non-compliance, and is not a penalty or estimate of all damages arising from your breach. The non-compliance fee is in addition to all of our other rights and remedies.

(b) If you fail to comply with any operational and System Standards, then we may charge you a non-compliance fee equal to our reasonable estimate of our internal cost of personnel time and other costs and expenses attributable to addressing the non-compliance starting at $450 up to $1,000 per occurrence. This fee is a reasonable estimate of our internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from your breach. The non-compliance fee is in addition to all of our other rights and remedies.

5.15 **Reimbursement**. To protect the reputation and goodwill of the brand, we may (but are never obligated to) pay on your behalf any amount that you owe to an Approved Supplier or other third party. If we do so, then you shall reimbursement us such amount plus an additional ten percent (10%) of the amount as an administrative charge within fifteen (15) days’ of invoice by us accompanied by reasonable documentation evidencing payment.

## 6. TRAINING.

6.1 **Initial Training**. Prior to the opening of your Franchise, your Operating Principal and General Manager (if you have a General Manager) must attend and complete to our satisfaction Initial Training as set forth and described in the Operations Manual. Furthermore, any replacement Operating Principal or General Manager must be approved by us and must successfully complete Initial Training, for which you must pay us our then current fee, which is currently five hundred ($500) per week, per attendee. You must pay all expenses incurred in connection with such Initial Training, including, without limitation, travel, lodging, meals, local transportation expenses and wages for your attendees. Actual dates of Initial Training are subject to change at any time, and we assume no responsibility for any costs incurred by you or your attendees as a result of such changes. If the Operating Principal or General Manager (if you have a General Manager) fails to complete the Initial Training to our satisfaction, then we may, in our sole discretion, (i) terminate this Agreement; or (ii) require such trainee repeat training at your cost (not ours) until we determine, in our sole discretion, that the Initial Training has been successfully completed.

6.2 **Continuing, Additional or On-Site Training**.

(a) We may require your Operating Principal, General Manager, or any Owner or employee to attend mandatory additional, periodic or refresher training courses on site, at locations we designate from time to time or by webinar or videoconference ("Continuing Training"). If we require Continuing Training, then we will not charge you or your attendees fees for Continuing Training, but you are responsible for all of your and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such Continuing Training and we reserve the right to impose reasonable charges for training materials. We will notify you of any additional charges before you or your employees enroll in a course. You may request that additional personnel attend Continuing Training (in addition to those individuals that we require) and we will provide such Continuing Training at no charge if there is room in an already scheduled training course. This does not include Additional Training or Mandatory Additional Training, for which we can charge a fee, as outlined in Section 6.2(b) and (c) below.

(b) You may request additional training, which we may agree to provide in our sole discretion ("Additional Training"). If we provide Additional Training, you will pay us our then current fee, currently five hundred dollars ($500) per week, per attendee, plus you are responsible for all of your and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such Additional Training.

(c) If we require any additional training ("Mandatory Additional Training") (which may include On-Site Training, as defined below) (i) that we determine is necessary or appropriate, in our sole discretion, to protect the quality, integrity and/or reputation of the System, Marks and/or Intellectual Property, including, without limitation, because you are in default or breach under this Agreement or otherwise in violation of our System Standards; (ii) upon renewal of this Agreement; (iii) upon a change in your Operating Principal or General Manager; or (iv) due to your failure to attend the Required Conference (defined below), then we will charge you our then-current fee, which is currently five hundred dollars ($500) per week, per attendee, to conduct such Mandatory Additional Training, plus you and your attendees' wages, travel, living and miscellaneous expenses incurred in connection with such mandatory additional training.

(d) We may provide Additional Training or Mandatory Additional Training at your Location or within your Protected Area ("On-Site Training") subject to availability of personnel and other factors in our sole discretion. If we provide On-Site Training, you will pay us the then current fee per trainer, currently five hundred dollars ($500) per trainer, per week, to conduct the On-Site Training plus the trainers' wages, travel, living and miscellaneous expenses.

(e) Additional Training, Mandatory Additional Training, and On-Site Training fees are fully earned and non-refundable when paid.

6.3 **Conventions, Meetings, Retreats and Conference**. We may, in our discretion, hold seminars, meetings, retreats, conferences or conventions for our franchisees ("Required Conference(s)") at a location to be selected by us. We may require your Operating Principal or both to attend any Required Conference. We presently do not charge a registration or other fee to attend any Required Conferences, but we reserve the right to charge a registration or other fee to attend the Required Conference in an amount not to exceed the actual cost of the confence, per attendee or our pro-rata cost per attendee to hold such

Required Conference, whichever is higher. In addition, all expenses, including transportation to and from any Required Conference, and lodging, meals, and salaries during any Required Conference, are your sole responsibility. If your Operating Principal do not attend any required conference, you will be responsible for making up any training offered at the conference at a time and location we designate in our sole discretion and at your sole expense, which expense may exceed the cost to attend the Required Conference.

## 7. EMPLOYEES.

7.1 **Personnel Development**. You will have the sole authority and control over the day-to-day activities of your employees. You will be solely responsible for recruiting, training and developing all employees, staff, workers, independent contractors, and any other personnel as may be needed ("Personnel"). You are responsible for making sure all Personnel are capable of performing their duties in accordance with System Standards. When hiring Personnel, you shall use your best efforts to hire qualified and competent employees. You are solely responsible for the supervision of your employees. You will decide the compensation to be paid to your Personnel. We will not be responsible for payment of any compensation to you or your Personnel. At no time will you or your employees be deemed to be employees of us or our affiliates.

You shall take such steps as are necessary to ensure that your Personnel do not violate any System policies relating to the use of Social Media Platforms (as defined in Section 10.1), including prohibiting employees from posting any information relating to us, the System, the Marks, or the Cafe that is inconsistent with such policies. You shall not, however, prohibit or restrict any social media communications or activity by your employees which prohibition or restriction violates your employees' right to engage in protected concerted activity under the National Labor Relations Act.

7.2 **Owners and Staff Confidentiality Agreements**. Your Owner(s), Operating Principal, General Manager, each of your Owner's spouses, and all Personnel who attend any training we provide or who have access to our Confidential Information (as defined in Section 17.1), as allowed under applicable law, must sign a Non-Compete, Confidentiality and Non-Solicitation Agreement in the form attached to this Agreement as Exhibit F ("Restrictive Covenant Agreement"). All other Personnel must sign a Confidentiality and Non-Solicitation Agreement in a form approved by us ("NDA Agreement"). With respect to all Personnel, such agreements must be signed on or before the date such person is hired. You must provide us with a copy of each Restrictive Covenant Agreement and NDA Agreement within five (5) days after it is signed.

7.3 **Taxes and Related Matters**. You shall be responsible for income and other taxes required to be withheld and hereby assume full responsibility for payment of the employer's portion of any social security, federal and state taxes and any other taxes required to be withheld for your Personnel. You shall also pay and/or withhold taxes and premiums for unemployment and workers' compensation insurance for your Personnel, as required by state and/or federal law.

7.4 **Indemnification**. You will indemnify us, hold us harmless from, and defend us against any and all liabilities, losses, expenses, and obligations that we may incur related to any of your Personnel (or any person assisting or working on behalf of the Franchise) arising out of any claim, cause of action, complaint, proceeding (in litigation, arbitration, mediation, administrative process, regulatory proceeding or otherwise) relating to your obligations to pay them any compensation or remuneration or otherwise relating to an employment relationship. You understand and acknowledge that we are under no obligation or liability to any of your Personnel for any remuneration, compensation, commission, employment or any other duty, responsibility, liability or obligation. Your indemnification obligations: (i) include reimbursement to us of any and all of our attorneys' fees and costs in defending any such claim from your

Personnel, (ii) survive expiration or termination of this Agreement, and (iii) extend to our affiliates, representatives and agents.

## 8. OPERATIONS MANUAL AND FRANCHISOR GUIDANCE.

8.1 **Operations Manual**. During the Term, we will grant you electronic (or other) access to our Operations Manual or other writings in which we designate our System Standards (such Operations Manual, and any written guidelines, bulletins, descriptions, instructions, videotapes, audiotapes, magnetic media, and computer software concerning System Standards, including updates, amendments and supplements, however communicated by us, our affiliates or our designees, the "Operations Manual"). The Operations Manual may be modified by us from time to time to reflect changes in the System Standards. Our revisions to the Operations Manual will be effective on delivery to you (including via electronic format), unless we specify a later effective date for a particular revision. If the Operations Manual is lost, stolen or damaged, you must obtain a replacement from us and we may charge you for such replacement. If a dispute develops with respect to the contents of the Operations Manual, the master copy we maintain at our principle office (or the electronic version of the Operations Manual we designate) will be controlling. You must keep the Operations Manual in a secure location which allows access only to those who have signed a Restrictive Covenant Agreement or NDA Agreement. The Operations Manual is our property and must be returned to us upon our request.

8.2 **Guidance and Assistance**. During the Term of this Agreement, we will, from time to time, furnish you guidance and assistance with respect to the System Standards as we determine necessary in our discretion. This guidance and assistance may be furnished in the form of the Operations Manual, bulletins, written reports and recommendations, other written or electronic materials, telephone consultations, electronic mail, training programs, meetings, conferences, videos and/or personal consultations at our offices, your Location or at a mutually convenient place as we determine necessary in our sole discretion. In addition to any obligations otherwise specifically set forth in this Agreement, our guidance and assistance consists of:

(a) Providing supervision and assistance for you and your employees prior to and including the grand opening of your Café to ensure that you are operating in compliance with the Operations Manuals as we deem necessary and appropriate in our discretion.

(b) Providing Continuing Training, Additional Training, Mandatory Additional Training, periodic or refresher training or additional On-Site Training as we deem necessary subject to our then-current training fees as we deem necessary.

(c) Providing you with any updates to the Operations Manual and any other manuals prepared by us for use by our franchisees in the operation of their Franchises.

(d) Advising and consulting with you periodically in connection with the operation of the Café and upon your reasonable request, at other reasonable times.

(e) Providing you, from time to time and in our sole discretion, with new recipes, advice and written materials concerning techniques of managing and operating the Café, including new developments in the System, equipment, food products, services, pricing of Products (as allowed by applicable law), packaging, and preparation and mandating the use of such new techniques and developments as applicable.

(f) Making reasonable efforts to make available to you all additional services, facilities, rights, and privileges relating to the operation of the Café which we generally make available, from time to time, to all franchisees operating Café.

(g) Conducting periodic testing, from time to time, of Products as we deem advisable.

(h) Providing you with an email address and designing, updating and maintaining our Website.

(i) Issuing, modifying and supplementing System Standards for Bare Blends Café franchisees as we deem necessary.

(j) Modifying the System, as we deem necessary, including, but not limited to, the adoption and use of new or modified techniques, supplies, equipment, products, trade names, trademarks, service marks, copyrighted materials, and information technology tools.

(k) Maintaining updated lists of approved items and other equipment, fixtures, inventory (as and if applicable), retail merchandise and branded materials (as and if applicable), and supplies and updated lists of Approved Suppliers (as defined in Section 8.3) for such items and provide the lists to you, as we deem appropriate.

(l) Conducting inspections of your Café, evaluating Products sold at your Café and recommending changes to enhance your Café to ensure that it fully complies with the System and the Operations Manuals as we deem necessary and appropriate in our discretion.

(m) Providing you with access to any proprietary software programs as may be developed by us or on our behalf for use in the System in the future.

Notwithstanding the foregoing, if this is not your first Café we may, in our sole discretion, provide you with less assistance and guidance. Any assistance described above is at all times subject to our sole discretion, schedule and personnel availability.

8.3 **Approved Equipment and Supplies**. We may designate or require our approval of the types, models, brands, formats, providers, performers or suppliers of any Products or services, and any of the ingredients, components, menu items, equipment, supplies, goods, uniform apparel, insurance carriers, financial services, employee benefit plans, merchant accounts and gateway services, and other services, assets, products, or materials utilized by you to operate your Franchise, which we may change, alter, or amend from time to time. We may require you to order through us certain Products or materials, as we may specify from time to time. We reserve the right to derive revenue from your required purchases ordered through us. We may designate or require our approval of suppliers of Products or services ("Approved Suppliers"). If you propose to use any supplies or supplier which is not then approved, you must notify us in writing and submit sufficient information, samples, and specifications to allow us to determine if the supplier and/or supplies meet our approved criteria. It is in our sole discretion whether to test additional supplies and/or suppliers you propose. You will be responsible for our out-of-pocket expenses plus the then current per diem charges for our personnel or third parties to test and evaluate your proposed supplier and/or supplies. We currently maintain a list of Approved Suppliers and criteria for approving suppliers in our Operations Manuals. We may modify this list on reasonable written notice to you.

8.4 **Retail Prices**. We may, from time to time, establish prices for the Products offered through your Franchise, which may vary depending on the geographic region in which the Protected Area is located.

## 9. SYSTEM TECHNOLOGIES

9.1 **Computer System**.

(a) You agree to purchase the Point-of-Sale System ("POS System") we designate. You shall use the POS System to collect all of the sales, inventory, and financial data of the Café which will provide us independent access to the information collected through the POS System. You agree to not interfere, in any way, with our ability to access the Café information through the POS System. You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standard. You must also acquire, license and use a financial reporting software, such as QuickBooks and other various software (collectively, the "Software") and general purpose computer, all designated or approved by us from time to time and as outlined in the Operations Manual (collectively, the "Computer System"). You shall not use or download any software on your Computer System unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by such unauthorized software in addition to the other remedies provided under this Agreement. We may require you to obtain as part of the Computer System specified computer and communications hardware, equipment, components or software in addition to the Software and services and may modify our specifications for and required components of the Computer System from time to time. You agree to make such modifications and meet such requirements which may require you to incur additional costs. We may require that the Computer System or POS System or both (i) be capable of connecting with our computer system; (ii) perform the functions we designate; (iii) permit us to review the results of your Franchise's operations; and/or (iv) be capable of engaging in any e-commerce (as defined below) activities that we designate or approve.

(b) You may be required to invest in and implement new technology initiatives at your own expense, which may include, but will not be limited to, music, Internet, TV broadcast, software management applications and other various software applications and surveillance systems and mobile applications designed to better manage business functions and control costs. We may designate the supplier you use for any goods and services associated with these initiatives.

(c) We or our affiliates, or business partners may develop technology, software, hardware programs or mobile applications or other new technology solutions and require that you use such new technology at your expense and in accordance with our System Standards. We reserve the right to pass through these costs as part of our Technology Fee or charge you a one-time fee for use or development of any such new technology. Additionally, you may be required to purchase additional hardware to ensure the full functionality of the technology that we, our affiliates or business partners develop.

9.2 **Websites**. Due to the importance of maintaining a uniform presence on the internet, we have the right to control all use of URLs, domain names, websites, addresses, meta-tags, links, key words, e-mail addresses and any other means of electronic identification or origin ("e-names") related to the Franchise. Neither you, nor any of your Owners or Personnel, are permitted to use an e-mail address that is not associated with our www.bareblends.com or www.bareblendsfranchise.com URL for the Franchise. We may require you, at your expense, to operate certain aspects of the Franchise that we designate through e-commerce methods that we designate, and in the manner we designate from time to time. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, intranet system, World Wide Web, wireless technology, digital cable, use of e-names, virtual worlds, social media, portals, search engine optimization, pay-per-click advertising, home pages, bulletin boards, chat rooms, linking, framing, blogs, text messaging, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e-commerce"). Further, you shall, at your sole expense, participate in our websites on the internet or other on-line communications, including an intranet system that we may develop in the future unless we provide otherwise. You must follow all of our policies and procedures for the use and regulation of e-commerce. You acknowledge that certain information obtained through your participation on our websites may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Websites or any intranet system we may develop terminates when this Agreement expires or terminates. You shall assign and transfer to us or our designee any and all interest you may have in any e-commerce in connection with the Franchise by executing the Internet Website and Listings Agreement attached hereto as Exhibit H. We may require that you provide photographic, written or other forms of content to us for use in e-commerce activities associated with the Marks, the Intellectual Property or the System which we may designate. We may restrict your use of e-commerce, or your customer's use of e-commerce in connection with the Product purchases to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. We may require that you provide information to us and arrange Product sales or distribution via e-commerce. We may require you to coordinate your e-commerce activities with us. We may require that your customers be provided access to certain e-commerce activities that we designate from time to time. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Intellectual Property and the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. All such information constitutes our Confidential Information (as defined in Section 17.1).

9.3 **Customer Data and Data Security**. Any information on customers of your Café that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("Customer Data") and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with your Café in accordance with this Agreement. You agree to comply with all applicable laws, regulations and with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert your best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. It is your responsibility to determine the data privacy laws applicable to you and your Café. We expressly disclaim knowledge of the data privacy laws applicable to you. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices. You shall promptly carry out any request from us with respect to Customer Data that is reasonably necessary to allow us to comply with data privacy laws applicable to us regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data.

9.4 **PCI Compliance**. It is your responsibility to maintain and report your PCI compliance, which encompasses operational policies and practices as well as networks and POS Systems hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify your credit card transaction acquirer, insurance carrier and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Café.

## 10. INTELLECTUAL PROPERTY AND MARKS.

### 10.1 **Bare Blends Café Intellectual Property**.

(a) You acknowledge that BB or us are the exclusive owner of the Intellectual Property, Marks, System Standards, and other elements of the System. You further acknowledge that any modifications to the System or any substitutions or additions to the Intellectual Property suggested or developed by you shall be owned exclusively by BB or us and may be incorporated by BB or us into the Intellectual Property without any compensation to you. As such, you hereby assign and transfer to BB or us (as instructed) all of your entire right, title and interest in and to any improvements, modifications, substitutions, or additions to the Intellectual Property suggested or developed by you and in and to any and all works of authorship and processes embodied therein, and in all goodwill signified thereby, and any and all intellectual property rights and any legal equivalent thereof, including the right to apply for, register, or claim priority to, letters patent, copyrights, trademark, trade secret and other intellectual property protection, and the right to enforce such rights, title and interest by lawsuit or otherwise. Additionally, all processes, ideas, concepts, methods, techniques or materials relating to Café, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your Principals in connection with the development or operation of your Café, will be promptly disclosed to us. If we adopt any of them as part of the System, they will be deemed to be our sole and exclusive property and part of the System and deemed to be works made for hire for us. In addition, you hereby agree and covenant from time to time to execute and deliver such other documents or agreements and to take such other action as may be necessary or reasonable for the implementation of any assignment and the consummation of the transactions contemplated hereby. You hereby appoint us your 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 the assignment of any interest in any intellectual property rights described herein. This power of attorney shall survive the expiration or termination of this Agreement.

(b) You shall use the System, the Marks, and the Intellectual Property only in connection with the operation of the Café and strictly in accordance with the terms of this Agreement and all policies set forth from time to time in the Operations Manual. Any unauthorized use of the System, the Marks and/or the Intellectual Property is and shall be deemed to be an infringement of BB's and our rights.

(c) Except as expressly provided in this Agreement, you acknowledge and agree that: (i) you shall acquire no right, title or interest to the System, the Marks or the Intellectual Property, (ii) all goodwill associated with the System, the Marks and the Intellectual Property used by you shall inure exclusively to BB's or our benefit, and (iii) upon the termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, the Marks or the Intellectual Property.

(d) You acknowledge that the use of any computer or electronic medium, or social networking website, including but not limited to Facebook, LinkedIn, Twitter, Pinterest, Instagram, Tumbler, SnapChat, YouTube, Groupon, Google, or any blogs or other bulletin boards, or chat rooms, other networking and share sites and any other Internet site which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Intellectual Property is our sole property and you may not establish any such website, blog, Facebook page, LinkedIn account, Twitter account, Pinterest account, Snapchat account, email distribution list, or other Internet account or presence, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Intellectual Property without our prior written consent and without granting us primary administrative rights to such account, site or page. We do not have to agree to any use of Social Media Platforms (as defined below) by you and we may, in our sole discretion, prohibit any use of Social Media Platforms by you or all of our franchisees. If we consent to your use of any Social Media Platforms, once we have approved the content of the material to be posted online and obtained primary administrative rights to the website, account, or page, then we will provide you with subordinate administrative access to, and guidelines for your use of such online mediums, such that you may promote, advertise, and market your Franchise locally. We retain ownership of the materials posted on any webpage or site. You have no right, title or interest to any webpage on any of your networking and websites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or Intellectual Property even if such webpage is established by you or otherwise held in the name of the Franchise or your Operating Principal or any of your owners and you agree to execute the Internet Website and Listings Agreement attached hereto as Exhibit H. Upon expiration or termination of this Agreement, we retain all ownership of all content created during the Term and will remove your administrative access. In addition, you shall promptly submit to us all passwords for such site(s) and any changes to a password shall be submitted to us within three (3) days of the change. Your expenditures towards web based platforms such as Facebook, Twitter, LinkedIn, Instagram, blogs and other networking and sharing sites ("Social Media Platforms") or towards any material on any Social Media Platform that makes use of our Intellectual Property, Marks, name, brand, Products, or your Franchise whether created by us, you or a third-party ("Social Media Materials") may count towards your required Local Advertising Requirement or grand opening advertising requirement pursuant to Sections 12.2 and 12.3 below.

(e) You shall at no time take any action whatsoever to contest the validity, ownership, distinctiveness or enforceability of the Marks or Intellectual Property and the goodwill associated therewith. You agree that your use of all or any part of the System or the Intellectual Property contrary to any provision of this Agreement, or your use of any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, slogan, insignia, term, designation, design, diagram, promotional material or course material, during or after the Term, shall cause irreparable injury to BB and us and shall constitute a material breach of this Agreement, and shall entitle BB and us to obtain temporary, preliminary or permanent injunctive relief from a court or agency of competent jurisdiction, and to recover court costs, reasonable expenses of litigation, reasonable attorneys' fees, and any other appropriate remedies.

(f) You assign and transfer to us all rights or interests that you have or may have in any previous or current customer lists, lists of potential customers, and lists of referral sources, compiled by you during the Term of this Agreement (the "Lists"), with the result that the Lists are and remain our sole property. We grant you the right and license to use the Lists during the Term solely for the purposes contemplated by this Agreement.

10.2 **Infringements and Claims**. You must notify us immediately in writing of any apparent (including suspected) infringement of or challenge to your use of any Mark or Intellectual Property, or claim by any person of any rights in any Mark or Intellectual Property or similar copyright, trade name, trademark or service mark of which you become aware. You must not communicate with anyone except us and our attorneys in connection with any such infringement, challenge or claim. We have the sole discretion to take whatever action we deem appropriate. We have the sole right to control exclusively any U.S. Patent and Trademark Office, U.S. Copyright Office, litigation or other proceeding or any other litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark or Intellectual Property. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks or Intellectual Property or otherwise to protect and maintain our interests in the Marks or Intellectual Property. You may not, at any time, contest the validity or ownership of any of the Marks or Intellectual Property, or assist any other person in contesting the validity or ownership of any of the Marks or Intellectual Property.

10.3 **Discontinuance of Use**. If it becomes advisable at any time in our sole judgment for your Franchise or the System to modify or discontinue the use of any of the Marks or for your Franchise or the

System to use one (1) or more additional or substitute trademarks or service marks, you agree, at your sole expense to comply with our directions to modify or otherwise discontinue the use of such Mark or Intellectual Property, or use one (1) or more additional or substitute trademarks or service marks, within a reasonable time after our notice to you.

10.4 **Franchisee Name.** You may not use the words "Bare Blends Café" or any derivation thereof, in your legal entity's name. You will hold yourself out to the public as an independent contractor operating a Bare Blends Café Franchise. Whenever practical, you will clearly indicate on your business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, website, Social Media Platforms, and other written materials that you are a franchisee. You will file for a certificate of assumed name (d/b/a) in the manner required by applicable state and/or law to notify the public that you are operating as an independent business pursuant to this Agreement. Prior to adoption of your corporate and assumed name (if any), you shall obtain the written approval of such name(s) from us.

10.5 **Further Reservation Rights.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and unrestricted discretion and as we may deem to be in the best interests of the applicable parties in any specific instance, to vary standards for any franchisee or franchisees based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such Franchise. We may grant to one (1) or more franchisees variations from standard specifications and practices as we determine in our sole and unrestricted discretion, and we shall have no obligation to grant you like or similar variations. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement does not affect our or your duties to comply with the terms of this Agreement.

## 11. DUTIES AND RESPONSIBILITIES.

11.1 **Compliance with System Operations**. You acknowledge that every component of the System is important to the operation of the Café as a Bare Blends Café Franchise, including a designated menu of food and beverage products; uniformity of food specifications, preparation methods, quality, and appearance; and uniformity of facilities and service. You shall comply with the entire System, including, but not limited to:

(a) operating your Bare Blends Café for at least those months, hours and days that we specify in the Operations Manual;

(b) operating the Café in a clean wholesome manner in compliance with System Standards prescribed by us;

(c) complying with all business policies, practices, and procedures imposed by us; serving at the Café only those Products now or hereafter designated by us; and maintaining the building, fixtures, equipment, signage, seating and decor, and parking area (if applicable) in a good, clean, and well-lit condition, free from disrepair, and in compliance with designated System Standards;

(d) purchasing kitchen fixtures, lighting, seating, signs, computer systems, security systems and other equipment in accordance with equipment specifications and layout approved by us and, promptly after the Café premises are ready for occupancy, cause the installation thereof;

(e) keeping the Café constructed and equipped in accordance with the Design and Construction Plan, and ensuring that the Café conforms at all times to local ordinances, buildings codes, and laws;

(f) abstaining from, without our prior written consent, making any design conversion, alterations, or additions to the building, equipment, or parking area (if applicable);

(g) making repairs or replacements required: (i) because of damage or wear and tear, or (ii) in order to maintain the building and parking area in good condition and in conformity to the Design and Construction Plan;

(h) maintaining sufficient supplies of ingredients, Products, paper products, and other inventory as is sufficient to meet reasonably anticipated customer demand;

(i) employing adequate personnel so as to operate the Café at its maximum capacity and efficiency and implementing a training program for employees in accordance with training standards and procedures prescribed by us and staffing the Café at all times during the Term of this Agreement with a sufficient number of trained employees including at least one (1) manager (who may be the Operating Principal or the General Manager) who has, prior to becoming manager, successfully completed Initial Training;

(j) causing all employees of the Café, while working in the Café, to: (i) wear uniforms of such color, design, and other specifications as we may designate from time to time, (ii) present a neat and clean appearance, and (iii) render competent and courteous service to Café customers;

(k) purchasing all of your requirements for supplies, ingredients, components, products and goods in accordance with our specifications and System Standards and, if applicable, from only our Approved Suppliers and in the dispensing and sale of Products: (i) using only containers, cups, cartons, bags, napkins, other paper goods, packaging, flavorings, garnishments, and food and beverage ingredients which meet the System Standards, and (ii) employing only those methods of food handling and preparation which meet the System Standards;

(l) participating in our gift card program for all Cafés operating under the System, as prescribed in our Operations Manual or otherwise in writing from time to time, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Bare Blends Café for menu items or Products as well as permitting customers who purchased gift cards from another Bare Blends Café or us to redeem their gift cards for menu items or products at your Café;

(m) subject to Section 4.4, improving, altering and remodeling the Café to bring it into conformance with the national and local plans, specifications and/or other standards for new or remodeled Bare Blends Café Franchises as may hereafter be reasonably changed and defined from time to time by us;

(n) permitting our representatives to conduct unannounced inspections of the Café at any time during normal business hours and remedying any issues identified therein at your expense;

(o) maintaining full and accurate records related to the Café, including but not limited to, records related to (i) Net Sales, sales and expenses; (ii) Personnel and employment files; (iii) workplace incident reports; (iv) any other records required by law; and (v) any records required under the Operations Manual;

(p) at your own expense, complying with all federal, state, and local laws, ordinances, and regulations affecting the operation of the Café. You must furnish to us, within two (2) days after receipt thereof, a copy of any violation or citation which indicates your failure to maintain local health or safety standards; and

(q) affixing a decal or placard to an exterior window or display containing the following statement "An Independently Owned and Operated Franchise". If we request, you must display prominently a "franchise opportunity" display to promote awareness of Bare Blends Café franchises; and

(r) complying with all the terms of your lease and using your best efforts to maintain a good and positive working relationship with your landlord and/or lessor and refraining from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Location.

11.2 **Liability Insurance**.

(a) Utilizing an Approved Supplier or insurance carrier acceptable to us, you are required to procure and maintain at all times the following insurance policies at your expense, which must additionally meet the standards and requirements set forth in the Operations Manual: (i) comprehensive general liability insurance and comprehensive product liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchise or your conduct of business pursuant to this Agreement; (ii) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which your Franchise is located or operates; (iii) products liability; (iv) non-owned and hired auto liability; (v) personal advertising injury; (vi) employer practices liability; (vii) business interruption insurance; and (viii) such other insurance policies as we may determine from time to time and as required by landlord and lenders.

(b) The cost of the insurance policies will vary depending on the insurance carrier charges, terms of payment and your history. The standards and specifications for insurance coverage as set forth in the Operations Manual are intended as "minimum" standards and you must review your insurance coverage and policies, and you should consult with your insurance agents, brokers, attorneys or other insurance advisors, to determine if additional coverage is necessary, desired or appropriate for your Franchise in addition to the coverage and limits required by us. If you fail to obtain or maintain the required insurance coverage, we may purchase it for you and charge you the premium, plus our costs, and require you to pay to us an administrative fee equal to twenty percent (20%) of the insurance policy premium for doing so. We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. Each insurance policy required under the Operations Manual must contain a provision that the policy cannot be cancelled, amended, renewed or expired without at least thirty (30) days' prior written notice to us. The insurance must be primary coverage without the right of contribution from any of our insurance. We do not represent or warrant that any insurance that you are required to purchase, or which we procure on your behalf, will provide adequate coverage for you. The requirements of insurance specified in this Agreement and in the Operations Manual are for our protection. If you believe that you should not be required to carry an identified type of insurance or otherwise comply with our minimum insurance requirements, you must submit a written waiver request and obtain a waiver from us. Until such time as we notify you in writing of our approval, you are obligated to comply with all minimum insurance requirements. The policies must also contain a waiver of subrogation.

(c) Each insurance policy required under this Agreement and/or the Operations Manual must contain an endorsement approved in writing by us naming us as additional insureds and an additional insured endorsement approved in writing by us naming us, our affiliates and our respective officers, directors, managers, partners, members, affiliates, subsidiaries and employees as additional insureds. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or any other form approved in writing by us that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of us or other additional insureds. You shall maintain such additional insured status for us and the additional isnureds outlined above on your general liability policies continuously during the Term.

(d) Your obligation to obtain and maintain the insurance policies in the amounts specified in the Operations Manual shall not be limited in any way due to any insurance that may be maintained by us, nor shall your procurement of required insurance relieve you of liability under the indemnification provisions set forth in this Agreement. Your insurance procurement obligations under this Section 11.2 and as specified in the Operations Manual are separate and independent of your indemnification obligations under this Agreement.

(e) Prior to the time any insurance is required to be carried by you, and thereafter prior to the renewal of any such policy, you must submit to us a copy of the certification of insurance evidencing such coverages that are required by this Section 11.2 and the Operations Manual. Within five (5) days after the policy is issued, you shall provide the declarations page for each of the required coverages, all additional insured endorsements and evidence of premium payment. Certificates of insurance alone are not acceptable. Our review and verification of certain elements of your insurance does not in any way reduce or eliminate your obligations to fully comply with all of the insurance requirements set forth in this Agreement and/or in the Operations Manual. It is your sole obligation to fully comply with these insurance requirements and it is your sole obligation to confirm with your insurance providers that your policies are in compliance.

11.3 **Compliance with Laws and Good Business Practices**. You will secure and maintain in force all required licenses, permits, approvals and certificates relating to the operation of the Franchise at your sole cost (the "Required Licenses"). You must promptly and diligently do all things necessary (including providing prompt, thorough, professional and complete responses to any local, state or federal regulatory or administrative body with oversight responsibilities for any Required Licenses) to facilitate obtaining the Required Licenses prior to the opening of your Franchise and maintain and renew such Required Licenses when needed. You must operate the Franchise in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to food preparation and serving, occupational hazards and health, safety, privacy, workers' compensation insurance, unemployment insurance, workplace safety, data protection (such as credit card data protection under the FACTA) and privacy laws, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, brokers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the System, the Marks and other Franchises. You expressly acknowledge that we have not researched the specific laws and regulations applicable to your Café, and that you are solely responsible for compliance with such laws and regulations.

11.4 **Menu and Authorized Products and Services**. You must serve all Products that we deem appropriate to take full advantage of the potential market and achieve standardization in the System and no items which are not set forth in the Operations Manual or otherwise authorized and approved by us in writing will be served. You must adhere to all specifications contained in the Operations Manual or as otherwise prescribed by us as to ingredients, methods of preparation and service, weight and dimensions of Products served, and standards of cleanliness, health and sanitation. You shall offer for sale all Products which we designate for the System, including any additional Products we may now or in the future specify and any other ancillary products and services which we prescribe. You further agree to only sell those Products which we prescribe or otherwise authorize. On a timely basis, you must comply fully and on a timely basis with any changes that we implement, including the introduction or cessation of any Products. We do not make any express or implied warranties with respect to any Products or goods we recommend or require for your use.

11.5 **Sales Methods.** You must follow our System Standards when marketing and selling the Products and ancillary services. You must not make any misrepresentations to anyone regarding the quality of the Products or concerning the Franchise or System. Moreover, you must not alter, modify, change or misrepresent the Products in any manner whatsoever. Accordingly, you will not disseminate any information, or represent to anyone, any information that conflicts with any of the materials we provide you to assist in the sale of the Products or we approve for use by you in the marketing and selling of such Products.

11.6 **Modification of System.** You expressly acknowledge that the System must continue to evolve in order to reflect changing market conditions and to meet new and changing customer demands. Therefore, variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and to improve the continuing operating efficiency of all franchisees. Accordingly, you agree that we may from time to time, upon written notice, add to, subtract from or otherwise change the System, including, without limitation, adopting new or modified Marks, Products, equipment and techniques and methods relating to the sale, promotion and provision of the Products. We may also require you to make changes or updates and upgrades to your Café signage, displays and similar trade dress ("Trade Dress Upgrades"). **You agree to promptly accept, implement, and use in the operation of the Franchise all such additions, modifications and changes at your sole cost and expense.**

11.7 **Distribution Cooperatives; Purchases**.

(a) We may, in the future, approve the formation of distribution cooperatives, which may provide for regional production of Products to service Cafés in that region as well as other services relating to production and distribution. If we authorize the formation of any distribution cooperative or similar organization ("Distribution Cooperative") for our franchisees then you agree to participate and join such Distribution Cooperative, agree to be bound by the organizational, charter and other documents of the Distribution Cooperative (which documents we must approve) and pay any fees determined by the Distribution Cooperative. We do not make any express or implied warranties with respect to any Products or goods we recommend or require for your use.

(b) We may, in our sole discretion, negotiate discounted prices for us and franchisees. We may receive compensation from suppliers for our procurement and purchasing services. We may also purchase certain items from suppliers in bulk and resell them to you at our cost, plus shipping fees and a reasonable markup.

(c) We may also enter into arrangements with our manufacturers and acquire inventory in bulk for cost savings and quality control. Thus, we may purchase in bulk certain inventory and either resell those items to, or have suppliers sell direct to, you at discounted prices that we negotiate (subject to any rebates the suppliers pay to us for our purchasing and sourcing services). We make no representations or warranties (and specifically disclaim all warranties including the implied warranty of merchantability or fitness for a particular purpose) and shall have no liability to you with respect to the items that you purchase from us.

11.8 **Evaluation and Analysis**. We shall have the right to conduct unannounced inspections and otherwise inspect the Café at all reasonable times to ensure that your operation thereof is in compliance with System Standards. This right shall include: (a) evaluating the Products, (b) questioning your landlord, customers and Personnel, and (c) conducting secret shopper or mystery shopper evaluations from time to time and without prior notice. You must reimburse us the then current service fee for the mystery or secret customer. Our representatives will use reasonable efforts to minimize interference with the operation of the Café. If we reasonably determine that the Café is not being operated in compliance with this Agreement or the Operations Manual or that the Café is otherwise not being operated efficiently and effectively, then we may, at our discretion, place one (1) or multiple representatives at the Café to oversee the operation of the Café. We will charge the Management Fee for such oversight.

11.9 **Payment of Debts**. You are solely responsible for selecting, retaining and paying your employees, the payment of all invoices for the purchase of goods for use in the Café, and determining whether, and on what terms, to obtain any financing or credit which you deem advisable or necessary for the conduct of the Café. You shall pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. We have the right, but not the obligation, to pay any such obligations or liabilities on your behalf. You shall indemnify us in the event that we elect to pay any of your liabilities and obligations in order to preserve the relationship between Approved Suppliers and System franchisees. You shall make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes, arising from your operation of the Café. You shall indemnify us in the event that we are held responsible for these taxes.

11.10 **Notification of Legal Proceedings and Crisis Management Events**. You will notify us in writing as soon as possible but in no event more than twenty-four (24) hours of the 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, of which you become aware and which may adversely affect the operation or financial condition of your Café. Upon the occurrence of a Crisis Event (defined below), you will immediately inform us by telephone and email (or other electronic medium authorized by us for this purpose). You will cooperate fully with us with respect to our response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, we may also establish emergency procedures, which may require you to temporarily close the Café to the public, in which event we shall not be liable to you for any loss or costs, including consequential damages or loss profits occasioned thereby.

For purposes of this Section, a "Crisis Event" any event or business interruption that runs the risk of (1) escalating in intensity; (2) adversely impacting Café's Franchised Business's financial position; (3) causing harm to Customers, Personnel or the public or damage to their respective property or the environment; (4) falling under close media or governmental or regulatory scrutiny; (5) interfering with normal operations and wasting significant management time and/or financial resources; (6) adversely affecting Personnel morale; or (7) jeopardizing the Café, the Marks or the System's reputation, image, products, brand, intellectual property, or management and therefore negatively impacting its future. Without limiting the foregoing, a Crisis Event shall include food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance, which may damage the System, Marks, or our image or reputation.

11.11 **Press Releases**. You will not issue any press release or conduct any interviews regarding your Café without our prior express written approval.

11.12 **Contributions and Donations**. You will not make any contributions or donations of items, services, or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf on any organization) in the name of the Café or otherwise associate with any Mark, without our prior express written consent.

11.13 **Market Tests/Surveys**. Upon notice by us, you are required to participate in market tests or surveys. This may require you expend time and effort to: (1) respond to questions and provide information and data and statistics about the operation of your Café, customers, marketing and promotion efforts, or business partners; (2) test, evaluate and assess ingredients, recipes, menu items, service techniques, Products, suppliers, vendors; or (3) provide feedback, opinions and comments on System Standards, the Brand Fund, our personnel, training, Operations Manual, technology or other components of the System.

11.14 **Best Efforts and Personal Conduct.** You shall refrain from committing any act or pursuing any course of conduct that tends to bring the Marks or System into disrepute. You shall use best efforts to promote and increase the demand for the Products of the Café. All of your advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. You shall refrain from any business or advertising practice which may be injurious to the Café or the goodwill associated with the Marks and System.

## 12. ADVERTISING AND PROMOTION

12.1 **Generally**. All your advertising must conform to all provisions of this Agreement and the System Standards. All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and promotion policies that we prescribe from time to time. In no event will your advertising contain any statement or material which may be considered: (a) in bad taste or offensive to any group or person, (b) defamatory on any person or an attack on a competitor, (c) inconsistent with our public image, or (d) not in accord with System Standards. We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. We may periodically provide you, at your expense, with consumer marketing plans and related materials for use at the local or regional level. We may periodically furnish you with samples of advertising, marketing and promotional formats and materials templates which you will then have the right to copy at your expense. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the System. We may modify any of our advertising specifications on reasonable written notice to you. Samples of all advertising, promotional and marketing materials, or your proposed modifications to any of our specifications for advertising, which we have not prepared or previously approved must be submitted to us for approval before you use or modify them. Unless a shorter time period or alternative method is specifically set forth in this Agreement, if you do not receive our written disapproval or approval within fifteen (15) days after our receipt of such materials, the materials are deemed not approved. You must promptly discontinue use of any advertising, marketing or promotional plans, specifications or materials, whether or not previously approved, on notice from us. We reserve the right to require you to include certain language in your local advertising materials, such as "*Franchises Available*" and the addresses of our Website and phone number. You are required to work with us and our designated marketing agency for your Local Advertising Requirement.

12.2 **Local Advertising**. You are required to spend during each month at least six hundred dollars ($600) on local advertising and promotion in accordance with the parameters, specifications and standards outlined in the Operations Manual (the "Local Advertising Requirement"). The Local Advertising Requirement must be expended within your Protected Area. You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other Bare Blends Café franchisees on local advertising. You may spend any additional sums you wish on local advertising.

During the first six months of operation of your Café you must use our designated marketing agency which is our Approved Supplier for advertising to satisfy your Local Advertising Requirement. You may pay the Local Advertising Requirement directly to us and we will remit the fees to our marketing agency partner or you may pay the marketing agency partner directly. At the end of the six month period we recommend, but do not require, you continue using our Approved Supplier to satisfy your Local Advertising Requirement.

Upon our request, you must send us proof of these expenditures on a monthly basis, or in any other manner as we may specify. We may reduce the Local Advertising Requirement based on the Net Sales of your Café, as further outlined in the Operations Manual. We may increase the Local Advertising Requirement in our sole discretion upon thirty (30) days' advance written notice. We may require you to place advertising in specific media, such as print, social media and direct mail, and determine what percentages of your advertising should be allocated to each medium. You cannot use the following expenditures towards the Local Advertising Requirement: (a) grand opening advertising required under Section 12.3 below, or (b) telephone listings required under Section 12.9 below. You may count expenditures paid for Social Media Platforms or Social Media Materials towards your Local Advertising Requirement.

12.3 **Grand Opening Advertising**. You must spend a minimum of seven thousand five hundred dollars ($7,500) for grand opening advertising and on advertising and promotion as prescribed in our Operations Manual beginning no earlier than sixty (60) days prior to the opening of the Café and ending no later than ninety (90) days after the opening of the Café. You may spend any additional sums you wish on grand opening advertising. At least five (5) days prior to use, you must submit samples of all grand opening advertising and promotional materials, not prepared or previously approved by us, for approval. If you do not receive our written disapproval or approval within five (5) days after our receipt of such materials, the materials are deemed not approved. Upon our request, you must send us proof of these expenditures within three (3) days of our request. The following expenditures may not be calculated as part of your grand opening advertising expenditures: (a) the Local Advertising Requirement required under Section 12.2 above and/or (b) telephone listings required under Section 12.9 below.

12.4 **Brand Fund**. Recognizing the value of advertising and marketing to the goodwill and public image of the System and the Franchises, we have established a Brand Fund (the "Brand Fund") for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce the Brand Fund for your Franchise and, upon thirty (30) days' prior written notice to you, to reduce or suspend contributions to and operations of the Brand Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period.

12.5 **Use of the Funds**. We or our designee will direct all programs financed by the Brand Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Brand Fund may be used to pay any and all costs of maintaining, administering, directing and preparing advertising and promotional activities, including, among other things, the costs of (a) preparing and producing video, e-commerce, website or software enhancements, audio and written advertising, marketing, or promotional materials; (b) professional service fees to our designer and other marketing professionals and salary costs of in-house marketing staff; (c) exploratory marketing and advertising campaigns whether or not ultimately acted upon; (d) operation or marketing techniques; (e) research and development of marketing materials; (f) administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, services, direct mail and other media advertising and employing advertising, promotional and marketing agencies; and (g) supporting public relations and market research. We reserve the right to include "*Franchises*

*Available*" or similar language along with our contact information on any advertising purchased through the Brand Fund. The Brand Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost, which you may duplicate at your own cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.6 **Accounting for the Fund**. The Brand Fund will be accounted for separately from our other funds, but does not need to be in a separate account, and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Fund. We may spend, on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Franchises to the Brand Fund in that year, and the Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be an asset of the Brand Fund. We are not required to provide franchisees with periodic accounting of the Brand Fund, including the fees paid into the by franchisees, but if we do prepare an accounting of the Brand Fund, it will not be audited and we will make it available to you upon your written request that must be submitted to us. We have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.7 **Brand Fund Limitations**. You acknowledge that the Brand Fund is intended to maximize recognition of the Marks, Intellectual Property and patronage of Franchises. We undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Franchises operating in that geographic area or that any Franchise will benefit directly or in proportion to its contribution to the Brand Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Fund.

12.8 **Advertising Cooperatives**. We have the right, in our sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"). We may also approve of the formation of a Cooperative by our franchisees. If a Cooperative has been established applicable to your Franchise at the time you open your Franchise, then you shall immediately become a member. If a Cooperative is established that is applicable to your Franchise at a later time during the Term, then you shall become a member no later than thirty (30) days after the date on which the Cooperative commences operations. If established:

(a) each Cooperative shall be organized, governed, and administered in a form and manner, and shall commence operation on a date, approved in advance by us in writing;

(b) each Cooperative shall be organized for the exclusive purposes of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising and promotion;

(c) each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote, but no greater than 3% of Net Sales, and your failure to make any such payments is a breach of this Agreement;

(d) each member shall submit to the Cooperative its contribution in the manner set forth in the Operations Manual or in the Cooperative's bylaws, which must be approved in advance by us in writing; and

(e) you may offset your Local Advertising Requirement by any amounts paid by you to the Cooperative.

12.9 **Telephone Directory Advertisements**. At your expense, you must obtain a telephone number. If you are a Co-Branded Café, then you must have a separate telephone number from the number assigned to your current business. Upon termination or expiration of this Agreement you will assign such telephone number to us. You must execute the Telephone Listing Agreement attached hereto as Exhibit I which will assign us all rights to your telephone number.

12.10 **Advisory Council.** We reserve the right to form a franchisee advisory council. Any advisory council created will act in an advisory capacity only and will not have decision making authority. We will have the right to form, change, merge and dissolve any advisory council at any time. The membership of any advisory council may be determined in our sole discretion and you have no right to sit on an advisory council. If you are chosen and agree to participate on an advisory council, you will pay all costs and expenses you incur related to your participation, including travel, lodging and meals expenses for attending council meetings.

12.11 **Promotional, Gift Card, Membership and Loyalty Programs.** You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty, customer retention, or special promotional program that we implement for all or part of the System. You agree to sign the forms and take the other action we require for you to participate in these programs, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Café as well as permitting customers who purchased gift cards online or from another Café or us to redeem their gift cards for Products at your Café.

12.12 **Photo/Video Release**. You acknowledge and authorize us to use your likeness in a photograph or video in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph or video using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish, or distribute any photograph or video of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph or video of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action that you may have in connection with this authorization. For purposes of this Section, "you" shall refer to your owners if you are a legal entity.

## 13. RELATIONSHIP OF THE PARTIES.

13.1 **Independent Contractors**. We do not have a fiduciary relationship with you. Neither you nor we are general or special agents, representatives, joint venturers, partners or employees of the other for any purpose whatsoever. You are not entitled to workers' compensation, unemployment compensation, or any other statutory or regulatory benefit or right predicated on an employer-employee relationship. We have no obligation to carry workers' compensation coverage or pay unemployment compensation taxes or withhold any amounts from payment to you for federal income taxes or for federal social security taxes, unless otherwise required by applicable laws and regulations. We have no obligation to provide you with any employment and fringe benefits that we may provide to employees, such as health insurance, for example. The foregoing also applies to any relationship with your Personnel. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of any of your Personnel, nor vice versa.

13.2 **Taxes**. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Owners, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

## 14. INDEMNIFICATION.

14.1 **By You**. You agree to indemnify, defend and hold harmless us, our affiliates and us and our affiliates' respective members, managers, directors, officers, owners, employees, agents, contractors, advisors, successors and assignees (the "Indemnified Parties") against and to reimburse any one (1) or more of the Indemnified Parties for all losses, expenses, judgments, settlements, claims, liabilities, attorneys' fees, costs (including, without limitation, expert witness fees, court costs, accountants' fees, travel and living expenses) and damages arising out of any claim directly or indirectly (i) related to the operation of your Franchise; (ii) related to the operation of your co-branded health or fitness center if you are a Co-Branded Café; (iii) related to on-site training, assistance or support provided to you by our employees or personnel; (iv) arising out of a breach of this Agreement or any other agreement with us or any of our affiliates; or (v) any and all taxes described in this Agreement provided, however, that you shall not be required to hold harmless or indemnify us for any losses relating to any claim to the extent such losses arise out of our gross negligence or willful misconduct. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.2 **By Us**. We agree to hold harmless and indemnify you against any claim for copyright, service mark or trademark infringement, including reasonable attorneys' fees and court costs in connection with such claims, arising out of your authorized use of our materials, the Intellectual Property, or the Marks, provided, that such use was in accordance with the terms of this Agreement and the Operations Manual as determined by us in our sole discretion and you notify us in writing within ten (10) days, or within such shorter period as is necessary to avoid prejudice, after learning of any claim, and also provided we have the right to control any litigation or proceeding resulting from any such claim. If we exercise our right to control the litigation or proceeding, we will cease to reimburse you for any legal fees after the date of assumption of control.

## 15. REPORTS, FINANCIAL STATEMENTS, INSPECTIONS AND AUDITS.

15.1 **Our Right to Inspect the Bare Blends Café Franchise**. To determine whether you are complying with this Agreement and all System Standards, we and our designated agents have the right at any time when the Café is in operation or you or your Personnel are working at the Café to:

(a) inspect the Café, including but not limited to, conducting secret shopper evaluations from time to time and without prior notice;

(b) observe, photograph and videotape the operations of the Café, the production methods of your Personnel and any Products provided thereby for such consecutive or intermittent periods as we deem necessary;

(c) remove, or otherwise receive or obtain, samples of any Products, materials, ingredients or supplies for testing, evaluation or analysis;

(d) interview Personnel and customers of the Café; and

(e) inspect and copy any books, records, computer data and documents relating to your operation of the Franchise.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, service testing and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. Our access to your POS System and any other tablet or computer used for the Café includes access to any information or data stored which is related to the Café, including, but not limited to, (i) data stored in bookkeeping software; (ii) information in online bank accounts and credit card accounts used for the operation of the Café; and (iii) Customer Data. You must immediately correct or repair any unsatisfactory conditions we specify.

15.2 **Our Right to Audit**. We have the right at any time during your business hours, and upon twenty four (24) hours' prior notice to you, to inspect and audit, or cause to be inspected and audited, your Franchise, bookkeeping, accounting and invoicing records, sales and income tax records and returns, online bank accounts, online credit card accounts and any other records related to the Franchise. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if we determine that Net Sales or any other fees are understated by two percent (2%) or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys, independent accountants, and employees and their travel expenses, room and board. You also must immediately pay us any shortfall in the amounts you owe us, including interest as described in Section 5.9. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

15.3 **Books and Records**. You shall establish and maintain, at your expense, a bookkeeping, accounting, and record keeping system conforming to the requirements prescribed by us from time to time including, but not limited to providing us (a) within fifteen (15) days after the end of each month, a balance sheet and profit and loss statement; and (b) within thirty (30) days after the end of the fiscal year a profit and loss statement, balance sheet, and cash flow statement for the immediately preceding fiscal year reflecting all year-end adjustments. We reserve the right to require that your annual financial statements be audited or reviewed, at your expense, by an independent certified public accountant approved by us. You shall furnish us with copies of all federal and state income and sales tax returns the Franchise files with respect to the Franchise's business income or sales within thirty (30) days after the date they are filed.

15.4 **Distribution of Franchisee Information**. You acknowledge and agree that we have the right to share any information about your Café collected by us or our affiliates or agents to any third party, including other franchisees, for any purpose. This information may include, but is not limited to, data regarding your sales, revenues, costs, taxes, profit margins or customer service survey results.

## 16. TRANSFER

16.1 **By Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We may assign our interest in this Agreement, directly or indirectly, by merger, assignment, pledge or other means, without your approval or consent.

16.2 **By You**. We have granted the Franchise to you in reliance upon our perceptions of your and your Owners' individual or collective character, skill, aptitude, business ability and financial capacity. Accordingly, you may make no Transfer (as defined below) without our prior written approval. Any purported Transfer without such approval will be a breach of this Agreement and will entitle us to terminate this Agreement.

16.3 **Definition of Transfer**. As used in this Agreement, the term "Transfer" means you or your Owners' voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, mortgage, disposal or other disposition of any legal or beneficial interest in: (a) this Agreement, (b) any material asset of the Franchise, or (c) more than twenty-five percent (25%) of the ownership interest in the Franchise entity, whether in the form of equity or voting interest (provided that a Transfer of less than twenty-five percent (25%) of an Owner's ownership interest in the Franchise entity, whether in the form of equity or voting interest, may occur in accordance with the requirements of Section 16.4 below). "Transfer" also includes (i) the merger or consolidation of your Franchise entity; and (ii) the issuance of additional securities or other ownership interests of the Franchise entity comprising more than twenty-five percent (25%) of the ownership interest whether in the form of equity or voting interest. It includes transfers resulting from proceedings under the U.S. Bankruptcy Code or any similar law, and transfers resulting from divorce.

16.4 **Transfer of Less than 25% of Franchise Entity**. Prior to the transfer of twenty-five percent (25%) or less of the total ownership interest in the Franchise by an Owner:

(a) the transferee and its Owners must meet or exceed the approval criteria applied to new franchisees of the System, including, without limitation, passing a background check and having sufficient business experience, aptitude and financial resources to operate the Franchise, all determined by us in our sole discretion;

(b) all transferring Owners and each Owner's spouse must sign a general release in the form attached to this Agreement as Exhibit D (or any other form required by us or as allowed under applicable law) of any and all claims against us and our affiliates and us and their respective members, owners, officers, directors, employees, consultants, advisors, and agents;

(c) we must have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the operation of the Franchise;

(d) if applicable, the new Operating Principal of the transferee must successfully complete our standard Initial Training program;

(e) the transferee and its Owners and their spouses must execute and agree to be bound by all the terms and conditions of the Guaranty, Restrictive Covenant Agreement and any other agreements reasonably required by us;

(f) you reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer outlined in this Section 16.4; and

(g) you have paid all amounts owed to us, our affiliates, Approved Suppliers, or to third-party creditors and have submitted to us all required reports and statements.

16.5 **Notice of Transfer.** You agree to notify us of any purported Transfer and provide us with any information we may reasonably request in order to permit us to evaluate such Transfer. If we do not exercise our right of first refusal under Section 16.10, we agree not to unreasonably withhold our approval of a Transfer, provided you have complied with the conditions in Section 16.6. If we approve the Transfer, then you will be free, for thirty (30) days following such approval, to effect the Transfer approved by us.

16.6 **Conditions for Approval of Transfer**. If you are in full compliance with this Agreement, then subject to the other provisions of this Agreement, we will approve a Transfer that meets all the applicable requirements of this Section:

(a) the transferee and its Owners meet or exceed the approval criteria applied to new franchisees of the System, including, without limitation, passing a background check and having sufficient business experience, aptitude and financial resources to operate the Franchise, all determined in our sole discretion;

(b) you have paid all amounts owed for purchases from us or our affiliates and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) if applicable, the new Operating Principal of the transferee completes our standard Initial Training program;

(d) the transferee has entered into our then-current form of franchise agreement and any required related agreements for a term ending on the expiration date of this Agreement and requiring no Initial Franchise Fee, provided, that if the Transfer is for an ownership interest in the Franchise, the transferee or transferees of such ownership interest, sign the Guaranty, Restrictive Covenant Agreement and any other related agreements reasonably required by us;

(e) the transferee agrees to upgrade the Franchise to conform to our then-current System Standards including making any Trade Dress Upgrades we require;

(f) you or the transferee pay us a transfer fee equal to the greater of twenty thousand dollars ($20,000) or (ii) fifty percent (50%) of our then-current initial franchise fee;

(g) you and all transferring Owners and each Owner's spouse have signed a general release in the form attached to this Agreement as Exhibit D (or any other form required by us or as allowed under applicable law) of any and all claims against us and our affiliates, and us and their respective members, owners, officers, directors, employees, consultants, advisors, and agents;

(h) we have approved the material terms and conditions of such Transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchise;

(i) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Franchise are subordinate to the transferee's obligation to pay Royalty Fees, Brand Fund Contributions and other amounts due to us and otherwise to comply with this Agreement; and

(j) upon our request, you have agreed that you will provide guidance and support related to the operation of the Café and compliance of System Standards at the discretion of the transferee for a period of no less than thirty (30) days from the day the transferee satisfactorily completes all required training.

16.7 **<u>Transfer Upon Death or Disability</u>**. Upon the death or disability of an Owner owning a controlling interest in you, we may require you or such Owner (or such Owner's executor, administrator, conservator, guardian or other personal representative) to Transfer such interest to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed not more than one hundred and eighty (180) days from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to Transfers contained in this Section 16. A failure to transfer the ownership interest of the deceased or disabled controlling Owner within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "<u>disability</u>" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent an Owner of a controlling interest in you from managing and operating the Franchise.

16.8 **<u>Operation Upon Death or Disability</u>**. Upon the death or disability of your Operating Principal, you or your Operating Principal's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a new Operating Principal with the authority to bind the Franchise who must be approved by us. Such Operating Principal will be required to complete Initial Training at your expense and must be approved by us. In the event the Café was being managed by the deceased or disabled Operating Principal and not a General Manager then, pending the appointment of an Operating Principal as provided above or if, in our judgment, the Franchise is not being managed properly any time after the death or disability of the Operating Principal, we have the right, but not the obligation, to appoint a manager to act as the manager for the Franchise. All funds from the operation of the Franchise during the management by our appointed manager will be kept in a separate account, and all expenses of the Franchise, including compensation, other costs and travel and living expenses of our manager, will be charged first to this separate account and then to your Café's general bank account. We also have the right to charge the Management Fee. Operation of the Franchise during any such period will be on your behalf, provided, that we only have a duty to utilize commercially reasonable efforts and we and our appointed manager will not be liable to you or your Owners for any debts, losses or obligations incurred by the Franchise or to any of your creditors for any products, materials, supplies or services the Franchise purchases during any period it is managed by our appointed manager.

16.9 **<u>Effect of Consent to Transfer</u>**. Our consent to a Transfer of this Agreement and the Franchise or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchise or transferee, a waiver of any claims we may have against you (or your Owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

16.10 **<u>Our Right of First Refusal</u>**. If you or any Owner receives a bona fide arm's length offer to purchase its interest in this Agreement, in any material assets of the Franchise or in the Franchise entity or you or any Owner proposes to Transfer any interest in this Agreement, in any material assets of the Franchise or in the Franchise entity, in whole or in part, to a person other than an entity of which your Owners are the sole owners, shareholders, members, or partners, you must first offer to sell said interest and/or asset(s) to us. You must provide us the terms of the offer received or made by you and we shall have thirty (30) days from the receipt of said statement to either accept or refuse such offer. Acceptance by us must be at the same price and on the same terms set forth in the written statement submitted by you, provided, that we may, in our sole discretion, substitute cash in place of any finance terms set forth in the written offer statement. If we fail to accept the offer within the thirty (30) day period, you are free to effect the disposition described in the statement upon the exact terms set forth in the statement delivered to us, provided, that nothing in this Section may be interpreted as limiting the requirements of this Agreement relating to transfer of rights under this Section 16. If the sale to such transferee is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Furthermore, if you are insolvent, or upon the filing of any petition by or against you under provisions of any bankruptcy law, we have the first right to purchase the Franchise, for the amount and pursuant to terms established by an independent appraiser selected by us. Unless such sale is to us or a Bare Blends Café franchisee, all Marks must be removed and completely de-identified from any assets sold to a third party and the real estate de-identified of all Marks and tradedress.

16.11 **Waiver of Interference Claims.** You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you. You also acknowledge that our contact with potential transferees for the purpose of protecting our business interests will not constitute wrongful conduct, including without limitation, unlawful interference with your business or contracts. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Without limitation of the foregoing, you waive any claim that any action we take in relation to a proposed transfer to protect our business interests constitutes tortious interference with contractual or business relationships.

## 17. RESTRICTIVE COVENANTS

17.1 **Confidential Information**. During the Term, we will give you, and you will have access to, a variety of information concerning us, our affiliates, our business and the System including, without limitation: the Operations Manual; System Standards; Products; the Intellectual Property; methods for operating, managing and developing the Franchise; Product sales, marketing, distribution, performance, methods, techniques, equipment or supplies; recruitment, training, coordination, marketing or compensation methods; reporting methods, and techniques; advertising, marketing, promotion, recruitment, human resourcing, training, sales and merchandising strategies, techniques and initiatives; any related underlying materials, analyses, compilation, forecasts, research or market studies; our prototype and layout of our Café and our Product display; proprietary software (if applicable); customer lists; referral sources; billing and collection methods; training materials; recipes; know-how; procedures and methods of food preparation (including the methods of serving our Product); financial information; Computer System; other information about us and information about our Approved Suppliers; strategic partners, franchisees, business plans, employees, and independent contractors (collectively, the "Confidential Information"). We consider the Confidential Information to be confidential and our trade secrets. You acknowledge that we and our affiliates have expended and continue to expend great amounts of time, money and effort in devising and processing the Confidential Information.

17.2 **Restrictions On Use**. You will use your best efforts and diligence both during and after the Term to protect the Confidential Information and our goodwill. You will not, directly or indirectly, use (for yourself or others) or disclose any of the Confidential Information to any other person or entity except as is necessary for the operation of your Franchise in accordance with our System Standards.

17.3 **Mandatory Requests for Information**. If you or anyone to whom you transmit the Confidential Information becomes legally compelled (by court order, interrogatories, discovery requests for information or documents, subpoenas, civil investigative demands or similar process) to disclose any Confidential Information, you must immediately notify us in writing so that we may seek a protective order or other remedy. You will reasonably cooperate with us in our efforts to seek such protective order or other remedy. In any event, you will furnish only that portion of the Confidential Information which is legally required and exercise your best efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

17.4 **Return**. Upon termination, expiration or non-renewal of this Agreement, or any other time at our request, you must promptly deliver to us, or destroy at our request, any and all documents or other materials (including documents or notes created by you and information embodied in intangible form, e.g., in computer memory) in your possession or control relating, directly or indirectly, to any Confidential Information and all copies of it without retaining any copies, duplicates, extracts or portions of it. Your Operating Principal shall certify, within five (5) days of our request, as to the return or destruction of all such information.

17.5 **In-Term – Competitive Activities**. You acknowledge our legitimate business interest in the Confidential Information and goodwill associated with our System. You covenant that during the Term of this Agreement, except as otherwise approved in writing by us, you and each of your Owners and each of their respective spouses shall not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on your own account).

(a) Divert or attempt to divert any business or customer to any competitor, by direct or indirect inducement or otherwise, to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks, Intellectual Property and the System; or

(b) Own, maintain, engage in, be employed by, lease real estate to, finance, or have any interest in any other juices, smoothies or healthy concept food bowls of any kind or any company that franchisees such a concept (other than a Franchise under an effective Franchise Agreement with us).

17.6 **Post-Term Competitive Activities.** For a period of twenty-four (24) months following the expiration or termination of this Agreement for any reason, unless we otherwise permit in writing, you shall not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on your own account):

(a) Participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell the Products or similar products or services, or contribute your knowledge to, or have any financial interest in, any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in the operation, licensing, franchising or consulting, developing, marketing, organizing, providing, promoting, coordinating or juices, smoothies or healthy concept food bowls of any kind at a retail establishment selling primarily such items (a "Competitive Business"): (i) within the Protected Area, (ii) within any geographic territory that we have assigned to a Franchise or in which we directly operate, market or sell, (iii) via the Internet or other form of e-commerce, wherever located, or (iv) within twenty (20) miles of the Protected Area or any protected area described in clause (ii) above in existence or under development as of the end of the Term;

(b) Induce or attempt to induce, or solicit any of our or other Bare Blends Café's strategic partners, customers, referral sources, brokers, Personnel or other independent contractors to accept employment or an affiliation with you; or

(c) Solicit, divert, contact, take away or interfere with any of our business, customers, referral sources, brokers, insurers, suppliers, trade or patronage with whom we (or our affiliates or franchisees) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or franchisees, as of the date of termination or expiration of this Agreement.

17.7 **Non-Disparagement.** You agree not to take any action or make any statement the effect of which would be to directly or indirectly impair our goodwill or our rights to our Intellectual Property or the goodwill of our affiliates, or be materially detrimental to us, our affiliates, any company or affiliate owned Cafés or our franchisees or other Franchises, including, but not limited to, any action or statement intended, directly or indirectly, to benefit any of our competitors. This provision survives forever.

17.8 **Equitable Relief**. Due to our and our affiliates' interest in the Confidential Information and customer goodwill, you agree that damages cannot fully compensate us if you breach this Section 17 of this Agreement. Thus, if you breach Section 17 of this Agreement, we are entitled to an injunction restraining you from any further breach and other equitable relief. We may obtain the injunction without bond and without notice. Your only remedy if such an injunction is issued is its dissolution, if warranted, upon an appropriate hearing. You waive any claims for damages as a result of the obtaining of any such injunction.

17.9 **Extension of Time Period**. The time period during which you are to refrain from the activities described in this Section, will be extended by any length of time during which you are in breach of the relevant provisions of this Section 17.

17.10 **Modification of Provision.** If any court determines that any of the covenants set forth in this Section 17, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable. Furthermore, if any of the restrictions set forth in Sections 17.5 or 17.6 are deemed entirely unenforceable or invalid under any local, state or federal law, rule, regulation, administrative decision or finding, then you will not be bound by such unenforceable or invalid provision(s), as the case may be, but you shall continue to be bound by all other provisions of these Sections which are valid and enforceable.

## 18. TERMINATION

18.1 **By Franchisee.** You may not terminate this Agreement prior to the expiration of its Term except in the event we commit a material breach of this Agreement and we fail to take steps to cure such material breach within ninety (90) days from the date of receipt of such written notice from you specifically enumerating all alleged deficiencies by us.

18.2 **By Franchisor - Non-Curable Defaults.** We may, at any time, terminate this Agreement effective immediately upon written notice if you or any of your Owners:

(a) either (i) fail to observe or comply with the requirements of Section 16 in connection with any sale, assignment or Transfer, or (ii) make a material misrepresentation in any Transfer request or document in support of a request for our consent to the Transfer of this Agreement;

(b) do not commence operations in accordance with the timeline outlined in Section 4.5 of this Agreement;

(c) fail to arrange for the purchase or lease of a suitable Location within one hundred fifty (150) days of the Effective Date.

(d) abandon or fail to operate the Franchise for three (3) consecutive business days during which you are required to operate the Franchise under the terms of this Agreement or the Operations Manual, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise (unless such failure to operate is due to fire, flood, earthquake, or similar causes beyond your control);

(e) violate or breach any provision of Section 10 or Section 17 of this Agreement;

(f) become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your Franchise or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchise shall be sold after levy thereupon by any sheriff, marshal, or constable; or

(g) fail to successfully complete Initial Training and you fail to submit a replacement for such person or fail to attend Mandatory Additional Training, Required Conferences or other Continuing Training two (2) or more times during the Initial Term of this Agreement;

(h) have any judgment or judgments aggregating in excess of ten thousand dollars ($10,000) levied against you or any lien in excess of ten thousand dollars ($10,000) against your property which remains unsatisfied or unbonded of record in excess of thirty (30) days;

(i) cause, suffer, or permit (voluntarily or involuntarily) your right of possession as lessee or sub lessee of the premises on which the Café is located to be terminated prematurely for any cause whatever;

(j) knowingly sell food or beverage products other than those designated by us or which fails to conform to System specifications for those Products, or which are not prepared in accordance with the methods or recipes prescribed by us, or fail to sell all Products designated by us;

(k) knowingly fail to report accurately the Net Sales of the Franchise; or you commit any act or omission constituting fraud, misrepresentation or similar act or omission, whether with respect to us, any related entities and/or any third party;

(l) (i) default, on two (2) or more separate occasions within any period of twelve (12) consecutive months, in any obligation(s) (whether the same or different), whether or not such defaults are timely corrected, to us, any of our affiliates, a Cooperative, a Distribution Cooperative or any of your suppliers, vendors, brokers, landlords, or other third parties; (ii) commit any default, or violate any material obligation to us, any of our affiliates, a Cooperative or a Distribution Cooperative, which is incurable whether under this Agreement, the Operations Manual, any other agreement with us, any of our affiliates, a Cooperative, a Distribution Cooperative or any of your suppliers, vendors, brokers, landlords, or other third parties, or otherwise; or (iii) commit any material default, or violate any material obligation to any of your suppliers, vendors, brokers, landlords, or other third parties which remains uncured after any applicable cure period.

(m) engage in any misconduct which unfavorably affects your reputation or that of any of your Owners or the goodwill associated with the Marks or the System (including, but not limited to, child abuse or other mistreatment, health or safety hazards, drug or alcohol problems, sexual harassment, discrimination or allowing unlawful activities or unauthorized or illegal items to be used or distributed in connection with the Franchise);

(n) are convicted by a trial court of, plead no contest or enter into a consent decree in connection with any violation of the rules or regulations of franchise laws, federal or state securities laws, or any felony or any other crime or offense that is likely to adversely affect your reputation, our reputation or otherwise involving any fraud or breach of trust, or to any crime or offense that may adversely affect the reputation of the goodwill associated with the Marks or the System; or

(o) fail to pay any taxes when due which you are not contesting in good faith.

18.3 **By Franchisor - Curable Breaches**. The occurrence of any of the following events shall constitute a curable default under this Agreement. You may cure such default by taking appropriate remedial action within a prescribed time after we demand remedial action. Unless you cure such default before the end of the indicated remedial period, we may terminate this Agreement or take any other actions as this Agreement permits effective immediately if you or any of your Owners:

(a) submit a financial report or other data, information or supporting records which understate by more than two percent (2%) the Franchise's Net Sales, or other fees due for any reporting period, and you are unable to demonstrate within five (5) business days that such understatements resulted from an inadvertent error;

(b) fail to maintain and operate the Café in a good, clean, wholesome manner and in compliance with the System Standards, and fail to cure such breach within five (5) business days after written notice;

(c) deny, our representative or our designees the right to inspect the Café at reasonable times and fail to cure such breach within three (3) business days after such denial;

(d) sell food or beverage products or use ingredients which fail to conform to System Standards or which are not prepared in accordance with the methods or recipes prescribed by us (including but not limited to, our standards for plant-based, locally sourced, nutritional products and ingredients) and fail to cure such breach within twenty-four (24) hours after written notice;

(e) fail to operate the Café in accordance with the Operations Manual, or fail to conform to our specifications and standards, or fail in any other way to maintain our standards of quality in the operation of the Café and fail to cure such breach within thirty (30) calendar days after written notice;

(f) fail to remit any payments immediately when due to us or an affiliate of ours and fail to cure such breach within five (5) days after written notice;

(g) fail to remit any payments immediately when due to a supplier, vendor, broker, landlord, a Cooperative, a Distribution Cooperative or any other third party owed by the Franchise and fail to cure such breach within ten (10) days after written notice;

(h) fail to submit to us any financial, reports or other information required under this Agreement and fail to cure such breach within ten (10) business days after written notice;

(i) fail to maintain the required insurance and fail to cure such breach within seven (7) business days after written notice;

(j) interfere with our ability to access information on the POS Software or if you close or interfere with our ability to access the account used to electronically transfer Royalty Fees, Brand Fund Contributions and other payments, and fail to cure such breach within five (5) business days after written notice;

(k) operate the Café in a manner that presents a health, sanitation or safety hazard to your customers, employees, or the public or you receive a report from a customer or government agency regarding same, which is not cured within twenty-four (24) hours after written notice;

(l) fail to obtain or to maintain any Required License or fail to comply with any federal, state, or local law or regulation applicable to the operation of the Café and fail to cure such breach within five (5) business days after written notice; or

(m) to the extent not covered by Sections 18.2 or 18.3, breach any other obligation, covenant or representation under this Agreement (other than the non-curable defaults described in Section 18.2 above) and fail to remedy such breach within thirty (30) days after written notice from us specifying the breach alleged to have occurred and the action to be taken by you curing the same, including but not limited to: (i) your failure to operate the Franchise in accordance with the Operations Manual and/or other manuals, (ii) your failure to conform to our System Standards, or failure in any other way to maintain our standards of quality in the operation of the Franchise, (iii) your taking for your own personal use any assets or property of the Franchise, (iv) you acting in any inappropriate manner towards any employee or other Personnel, or (v) you failing to make payroll.

18.4 **Cross Defaults, Non-Exclusive Remedies, Etc**. Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any affiliate of ours) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates), Cooperative, or a Distribution Cooperative may be regarded as a default under this Agreement unless specifically agreed otherwise in writing. Any default by you (or any person/company affiliated with you) under any loan agreement, security agreement, lease, supply or service agreement or otherwise, whether with us, any of our affiliate and/or any third party which is not cured by the time period specified in such agreement may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

18.5 **Rights upon Default**. Except in the case of death or disability which is governed by Section 16.8 hereof, if we determine in our sole judgment that the operation of your Franchise is in jeopardy, or if you are in default under this Agreement, then in order to prevent an interruption of the Franchise which would cause harm to the System or potentially lessen the value of the Franchise, you authorize us to operate your Franchise for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement ("Step-In Rights"). We shall keep in a separate account all monies generated by the operation of your Franchise, less the expenses of the Franchise, including the Management Fee. If this separate account does not have sufficient funds then we may deduct our expenses, including the Management Fee and the reasonable attorneys' fees and costs described below, from your Franchise's general operating bank account. In the event of the exercise of the Step-In Rights by us, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of our Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

18.6 **Obligations Upon Termination/Expiration**. Upon any expiration or termination of this Agreement for any reason, you must, at your cost and expense:

(a) immediately cease selling the Products and using any of the Confidential Information, the Intellectual Property and the Marks and immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the Confidential Information or any materials bearing the Intellectual Property or the Marks, including without limitation, the Operations Manual;

(b) upon our request, cooperate in assigning to us or to a person or entity designated by us any and all vendor agreements or sales or service contracts for the Products with customers (as applicable) of your Franchise, which will be automatic at our option as a result of the termination or expiration;

(c) immediately cease all use of our Marks and Intellectual Property including any marketing or advertising materials, flyers, business cards, brochures and immediately cease holding yourself out to the public as associated with us in any way including de-identifying the Café by removing all trade dress, signs or other items bearing our Marks and other Intellectual Property;

(d) immediately cease using all Social Media Platforms and return to us all Social Media Materials, e-names and passwords and do all things necessary to permanently remove your administrative access to any Social Media Platforms;

(e) immediately terminate your access to the e-commerce activities we designate and assign to us all telephone numbers, e-name and directory listings associated in any way with the Bare Blends Café Franchise and our Marks, and direct the telephone company to transfer all such numbers and listings to us or our designee pursuant to the Internet Website and Listings Agreement attached hereto as Exhibit H and Telephone Listing Agreement attached hereto as Exhibit I;

(f) immediately pay us all unpaid fees and pay us, our affiliates, and our Approved Suppliers, all other monies owed; and

(g) comply with the post-termination covenants set forth herein, all of which will survive the transfer, termination or expiration of this Agreement and cease any and all contact with customers, suppliers, vendors, employees or our agents without our prior written consent.

Alternatively, we may elect in our sole discretion, to undertake the obligations set forth in subsection (a)-(g) above and charge you for our costs and expenses. You hereby appoint us as your duly appointed agent and attorney-in-fact with the absolute right (but not the obligation) to perform the acts specified in this Section at your sole cost and expense including, without limitation, the right to execute any assignments or contracts or file any documents with any third parties necessary to effectuate these obligations. The appointment of us as your agent and attorney-in-fact for the purposes set forth herein is declared and acknowledged to be coupled with an interest and is irrevocable. The grant of power of attorney herein shall include full powers of substitution. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

18.7 **Right to Purchase Assets.** If this Agreement expires or is terminated by either party for any reason whatsoever, then we have the right, but not the obligation, to purchase your Franchise, including supplies, inventory and equipment, and all other assets owned by you in your Franchise and to acquire your lease or other contract rights (hereinafter referred to in this provision as the "Franchise Assets") at book value (cost less depreciation, with depreciation being determined by the shorter of (a) five (5) years; or (b) the time period used by you in connection with the preparation of the financial statements for your Franchise) without considering any value for goodwill associated with the name "Bare Blends Café." We will have the right, but not the obligation, to purchase any or all of the Franchise Assets from you for cash within thirty (30) days after the occurrence of the event triggering our right of first refusal to purchase the Franchise Assets. Nothing in this provision may be construed to prohibit us from enforcing the terms and conditions of this Agreement, including the covenants not to compete contained in Section 17.

**19. NOTICE** All notices, requests, consents and other communications required hereunder shall be in writing and shall be duly given if hand delivered and a signed receipt obtained, sent by registered or certified mail, postage prepaid, return receipt requested, sent by overnight express type service, or sent by telecommunication with confirmed delivery, including electronic mail, addressed:

If to us:
Bare Blends Franchise, LLC
Attn: Jessica Fuller
1475 Western Avenue
Suite 24G
Albany, NY 12203
Email: franchise@bareblends.com
with a copy to:
Fox Rothschild, LLP
Attn: Eleanor Vaida Gerhards, Esq.
980 Jolly Road, Suite 110
Blue Bell, PA 19422-3001
Tel. 215.918.3642
Email: egerhards@foxrothschild.com
Facsimile: (610) 397.0450

If to you, to the address and email indicated on Schedule I to this Agreement. In the alternative, notice shall be sent to such other address as you or we shall have specified in a written notice given to the other party. Each such notice shall be deemed delivered (a) on the date delivered, if by personal delivery; (b) one (1) day after notice is sent, if by overnight express type service; (c) on the date of transmission by telecommunication with confirmed delivery, if by electronic mail or other electronic method; and (d) on the first occurring of: (i) three (3) business days after mailing, postage prepaid, or (ii) the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed. Any notice provided by electronic mail or other electronic method shall be confirmed by one (1) of the delivery methods listed under subsection (a), (b), or (d) although this shall not affect the time notice is deemed given hereunder.

## 20. BUSINESS ORGANIZATION

20.1 You must be a business organization (like a corporation, limited liability company or partnership) (a "Business Entity"). You agree and represent that:

(a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state where you are located and of your incorporation or formation;

(b) Your organizational or governing documents will recite that you will only conduct the business of a Bare Blends Café Franchise and no other, the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of you, your Owners and your agents (like articles of incorporation or organization and partnership, operating or shareholder agreements); and

(d) Your entity name does not include the words: "Bare Blends Café".

## 21. DISPUTE RESOLUTION

21.1 **Governing Law**. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 and the sections following it) or other federal law, this Agreement and the Franchise shall be enforced and governed by and under the substantive law of the State of Delaware, without regard to choice of law rules, unless otherwise provided herein.

21.2 **Jurisdiction**. Except as otherwise set forth herein, the exclusive venue and exclusive forum for all disputes between the parties shall only be any court of general jurisdiction located in Delaware and/or the United States District Court for the District of Delaware, and each party hereby submits to the exclusive jurisdiction of those courts for purposes of any such proceeding.

21.3 **Internal Dispute Resolution**. You must first bring any claim or dispute between you and us to our CEO, after providing notice as set forth in Section 19 above. We must respond to your notice inquiry within ten (10) business days of receipt or otherwise it is deemed denied ("IDR"). You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. You agree that we have sixty (60) days to attempt to resolve your claim or dispute with IDR (the "IDR Period") and and the parties shall use commercially reasonable efforts to resolve the dispute via IDR during the IDR Period. This agreement to first attempt resolution of disputes internally through IDR will survive termination or expiration of this Agreement.

21.4 **Mediation.** At our sole discretion, any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to your Franchise, may be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures. Mediation will be conducted in Delaware. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. We will notify you of our election to submit any dispute to non-binding mediation within thirty (30) days of the end of the IDR Period or at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

21.5 **Arbitration**. At our sole discretion, any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is in any way related to the Franchise, may be resolved by submission to binding arbitration by and before a neutral attorney with substantive background in franchising referred by AAA and selected by the parties in accordance with the Federal Arbitration Act ("FAA") and the then-existing Commercial Arbitration Rules of the AAA. All hearings and other proceedings will take place in Delaware. We will notify you of our election to submit any dispute to arbitration within thirty (30) days of a non-binding mediation determination pursuant to Section 21.4 above, or if we do not elect mediation under Section 21.4, within (i) thirty (30) days after the end of the IDR Period; or (ii) at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

(a) The following shall supplement and, in the event of a conflict with any law or rule, including but not limited to the AAA Commercial Arbitration Rules, shall govern any dispute submitted to arbitration. The parties shall select one (1) arbitrator from the proposed list of arbitrators provided by the AAA, as applicable, who must have a substantive background in franchising. If the parties are unable to agree upon an arbitrator, each party to the dispute shall have fifteen (15) days from the transmittal date of the proposed list in which to strike names objected to, number the remaining names in order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA, as applicable, shall invite the acceptance of an arbitrator to serve. If the parties fail to agree on any of the persons named, or if acceptable arbitrators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the process of submitting lists shall continue until a suitable arbitrator is selected. In all aspects of conducting the arbitration and in rendering his or her decision, the arbitrator shall enforce and apply the substantive laws of the State of Delaware for interpretation of this Agreement, without regard to choice of law rules. The parties may conduct one seven-hour discovery deposition of a designated representative of the opposing party. Any party wishing to take such a deposition must describe with reasonable particularity, in the notice of deposition, the matters to be inquired into at the deposition, and the party producing the designated representative must designate one (1) or more officers, directors, or managing agents who consent to testify on its behalf. No other discovery depositions shall occur, unless the arbitrator find such additional depositions to be necessary after written request and an opportunity to be heard. Each party shall be permitted up to ten (10) interrogatories and reasonable requests for production of documents. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and reasonable motions in limine. The arbitrator shall permit a responding party a reasonable period of time to respond in writing to any such motions. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include an award of pre-hearing interest from the date upon which any damages were incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than one and one-half percent (1.5%) per month, or part of a month (unless a lower rate is required by law). The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, interest, and costs of investigation. In addition, the prevailing party shall be entitled to an award of its reasonable and necessary attorneys' fees. The arbitration hearings shall be completed within one hundred and fifty (150) days of the filing of the arbitration demand, unless the arbitrator, for good cause, must extend this deadline.

(b) The arbitrator shall have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court for the District of Delaware, or any other court of general jurisdiction located in Delaware and, if confirmed, may be subsequently entered and/or docketed, including as a judgment, in any court having competent jurisdiction. Similarly, any appeals from and/or relating to any arbitration which may be brought in accordance with this Section 21.5 shall be heard before the United States District Court for the District of Delaware, or any other court of general jurisdiction located in Delaware.

(c) The arbitration provisions of this Agreement shall survive any termination or expiration of this Agreement.

21.6 **Injunctive Relief.** Nothing contained in this Agreement shall prevent us from applying to and/or obtaining, from any court having competent jurisdiction, a writ of attachment, injunctive relief, including without limitation a temporary injunction or preliminary injunction, and/or other emergency relief available to safeguard and protect our interests. We are entitled to seek this relief without the posting of any bond or security and, if a bond is nevertheless required by a court of competent jurisdiction, the parties expressly agree that the sum of one thousand dollars ($1,000) is a sufficient bond.

21.7 **Third Party Beneficiaries**. Our affiliates, any Cooperative, any Distribution Cooperative, the Brand Fund and each of our and their respective officers, directors, members, agents, representatives and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate/litigate claims asserted against such person(s) by you or asserted in relation to this Agreement.

21.8 **Prior Notice of Claims**. As a condition precedent to commencing an action for damages or for our violation or breach of this Agreement, you must notify us in writing within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

21.9 **Cumulative Remedies**. The remedies available to any party if the other party breaches this Agreement are cumulative. The exercise of any remedy will not limit any other remedies that may be available. Both parties will also be entitled to any and all remedies available under applicable law.

21.10 **Waiver of Punitive Damages**. WITHOUT LIMITING YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO THIS AGREEMENT, BOTH PARTIES EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM OF, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS AND ANY OTHER DAMAGES AWARD SPECIFICALLY REFERENCED IN THIS AGREEMENT.

21.11 **Limitations of Claims**. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN AND/OR AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) INDEMNIFICATION; (B) UNAUTHORIZED USE OF THE MARKS, INTELLECTUAL PROPERTY OR CONFIDENTIAL INFORMATION; OR (C) VIOLATION OF ANY DATA PRIVACY LAW. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

21.12 **Waiver of Jury Trial**. BOTH PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

21.13 **Waiver of Class Actions**. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

21.14 **Arbitration/Litigation Expenses**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party shall be entitled to full reimbursement of its arbitration or litigation expenses from the other party. Litigation or arbitration expenses include reasonable attorneys' fees, arbitrator's fee, defense costs, witness fees including expert witness fees and costs and other related expenses including paralegal fees, administrative costs, investigative costs, court reporter fees, sales and use taxes, if any, travel and lodging expenses, court or arbitration costs, and all other charges billed by the attorneys to the prevailing party. Reimbursement is due within thirty (30) days of written notice of an award or other notice of the expenses due. If we engage legal counsel for your failure to pay when due any monies owed under this Agreement or to submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur during the Term or hereafter.

## 22. SECURITY INTEREST.

22.1 **Collateral**. You grant to us a security interest ("Security Interest") in all of the equipment, signage, décor, inventory, assets and realty of the Franchise, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchise. All items in which a security interest is granted are referred to as the "Collateral."

22.2 **Indebtedness Secured**. The Security Interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by you; (b) all sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorney fees that we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and Indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchise including, but not limited to, a real property mortgage and equipment leases.

22.3 **Additional Documents**. You will from time to time, as required by us, join with us in executing any additional documents and one (1) or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

22.4 **Possession of Collateral**. Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral

22.5 **Our Remedies in Event of Default**. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the

Uniform Commercial Code of the state in which your Franchise is located (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

22.6 **Special Filing as Financing Statement**. This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

## 23. MISCELLANEOUS

23.1 **Severability**. If any of the provisions of this Agreement are held invalid for any reason, the remainder will not be affected and will remain in full force and effect in accordance with its terms.

23.2 **Waivers**. Waiver of any provision of this Agreement will not be valid unless in writing and signed by the person against whom such provision is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time, or any other provision of this Agreement.

23.3 **Entire Agreement**. This Agreement, including any schedules, amendments, addenda, and exhibits compose the entire Agreement between the parties relating to its subject matter, and supersedes all prior agreements, proposals, representations and commitments, oral or otherwise; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. This Agreement may only be amended by an instrument signed by the authorized officers of both parties.

23.4 **Construction**. The headings of sections are for convenience only and do not define, limit or construe the contents of such sections. All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require.

23.5 **Counterparts**. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

23.6 **Timing**. Time is of the essence of this Agreement. However, whenever the time for the performance of any action or condition contained in this Agreement falls on a Saturday, Sunday or legal holiday, such time will be extended to the next business date. Indications of time of day mean time in Delaware.

23.7 **Compliance with Anti-Terrorism Laws**. You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

23.8 **Survival**. All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until such provisions are satisfied in full or by their nature expire.

23.9 **Interpretation.** Each of the parties agrees that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. None of the parties can, while this Agreement is effective or after its termination, assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents.

23.10 **Acknowledgement**.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

| | |
|---|---|
| We have made no promise or representation to you as to the renewal of this Agreement or the grant of a new franchise after the end of the Initial Term set forth in Section 2 hereof. | INITIAL HERE:<br>_____________ |
| This Agreement and our Franchise Disclosure Document, or "FDD", have been in your possession for at least fourteen (14) days before you signed this Agreement and before your payment of any monies to us, refundable or otherwise, and that any unilateral, material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before you signed this Agreement, or as otherwise required by state law. | INITIAL HERE:<br>_____________ |
| (a) You have read and understand this Agreement and our Franchise Disclosure Document; (b) We have advised you to consult with your own attorneys, accountants, or other advisers about the potential benefits and risks of entering into this Agreement; (c) You have had ample opportunity to | INITIAL HERE:<br>_____________ |

consult with advisors of your own choosing; and (d) Our attorneys have not advised or represented you with respect to this Agreement or the relationship created hereby.

| | |
|---|---|
| You have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other business, an investment in the Franchise involves unavoidable business risks. You acknowledge that the success of the Franchise is primarily dependent upon the business abilities and efforts of you and your Implementer and Personnel. | INITIAL HERE: ____________ |
| You have not received any representation, warranty or guarantee, express or implied, from us or any of our officers, directors, shareholders, employees, or agents, as to the potential revenues, income, profits, volume, or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure Document or contrary to the terms hereof. We expressly disclaim the making of any warranty, guarantee, or representations of this type. | INITIAL HERE: ____________ |
| This Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete agreement and understanding between us and you and supersede any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement. You further acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, “side-deals”, rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations, including those that are inconsistent with the terms of this Agreement or our Franchise Disclosure Document. | INITIAL HERE: ____________ |
| You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement. | INITIAL HERE: ____________ |

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Franchise Agreement as of the date listed below each party's name.

| "YOU" | | "WE" | |
|---|---|---|---|
| ______________________________ | | Bare Blends Franchise, LLC | |
| By: | ______________________ | By: | ______________________ |
| Name: | ______________________ | Name: | ______________________ |
| Title: | ______________________ | Title: | ______________________ |
| Date: | ______________________ | Date: | ______________________ |

**Schedule I**
**Franchise Description**

Effective Date of Franchise Agreement: ______________________________

Name of Franchisee: ______________________________

Name of Operating Principal: ______________________________

______________________________

Name of General Manager (if applicable): ______________________________

Names of All Franchise Owners and Percentage Ownership: ______________________________

______________________________

______________________________

Protected Area: ______________________________

______________________________

______________________________

______________________________

Location (address): ______________________________

______________________________

______________________________

Designated Area:
(if applicable) ______________________________

______________________________

______________________________

Address for Notice under Section 19: ______________________________

______________________________

______________________________

Email Address For Notice under Section 19: ______________________________

## Exhibit A

## STATE ADDENDA TO FRANCHISE AGREEMENT

# ADDENDUM TO THE FRANCHISE AGREEMENT UNDER NEW YORK LAW

In recognition of the requirements of Article 33 of the General Business Law of the State of New York, the parties to the Bare Blends Franchise Agreement agree as follows:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

A. Sections 2.5(g), 16.4(b), 16.6(g) and 21.11 of the Franchise Agreement shall be supplemented by adding the following language at the end of that Section: "provided, however, that all rights enjoyed by franchisee and any causes of action arising in franchisee's 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 provision that the nonwaiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied;"

B. Section 21.1 of the Franchise Agreement, which is generally under the heading discussing choice of law shall be supplemented by the addition of the following language at the end of the Section: "However, the foregoing choice of law shall not be considered a waiver of any right conferred upon franchisee by the provisions of Article 33 of the General Business Law of the State of New York."

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York, Sections 680-695, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

| **FRANCHISOR:** | | **FRANCHISEE:** | |
|---|---|---|---|
| **Bare Blends Franchise, LLC** | | ________________________________________ | |
| By: | ____________________________ | By: | ___________________________________ |
| Its: | | Its: | |
| Date: | ____________________________ | Date: | ___________________________________ |

**Exhibit B**

# CO-BRAND ADDENDUM TO THE BARE BLENDS FRANCHISE, LLC FRANCHISE AGREEMENT

THIS CO-BRAND ADDENDUM to the Bare Blends Franchise, LLC Franchise Agreement ("Franchise Agreement") by and among Bare Blends Franchise, LLC ("Bare Blends" or "us" or "we"), ________________________ ("Franchisee" or "you") and [name of entity operating the current health or fitness business] (the "Existing Center" as described below) is entered into simultaneously with the Franchise Agreement. Bare Blends, Franchisee and Existing Center are each sometimes referred to herein as a "Party" and collectively, the "Parties".

## Preamble and Background

A. Your affiliate, [name of entity operating the current health or fitness business], currently owns and operates an existing health or fitness center ("Existing Center") located at [address of existing location] (the "Premises"). You have requested, and we are granting you the right, to operate a Bare Blends Café Franchised Unit (the "Café") pursuant to the Franchise Agreement at the Premises or immediately adjacent and connected to the Premises ("Adjacent Location").

B. Bare Blends and you entered into the Franchise Agreement for this purpose, and are also entering into this Addendum to modify certain terms of the Franchise Agreement to provide for the co-branding of the Existing Center and the Café.

C. All capitalized terms in this Addendum will have the same meaning as in the Franchise Agreement.

**NOW, THEREFORE**, in consideration of Bare Blends agreement to allow the Franchisee and Existing Center to operate as a Co-Branded unit and for good and valuable other consideration, the Parties, intending to be legally bound, agree as follows:

**1. The Approved Location.** We hereby approve the (check as appropriate)

**(a)** Premises; or

**(b)** Adjacent Location,

as the Location for the operation of the Café. We conditioned this approval on your delivery to us, simultaneously with the execution of this Addendum, of (a) a signed amendment to the current lease for the Premises or new lease for the Adjacent Location containing a term no less than the Term of the Franchise Agreement and any other provisions we requested as set forth in Section 4.2 of the Franchise Agreement and a fully executed Collateral Assignment of Lease in the form attached as Exhibit J to the Franchise Agreement. You agree that any provision in the Franchise Agreement related to site selection assistance is not applicable and we will not provide you with any site selection assistance.

**2. Reservation of Rights.** Notwithstanding anything to the contrary set forth in Section 2.2 of the Franchise Agreement, we agree not to operate a Café or offer and sell our Products at another health or fitness center located within your Protected Area so long as your Existing Center is operating and you are operating the Café in compliance with the Franchise Agreement at the Premises or Adjacent Location. Section 2.1 is amended to provide that you may offer off-site services at the Adjacent Location, if applicable.

**3. Use of Proprietary Marks.** Notwithstanding anything contrary set forth in the Franchise Agreement, you may use the Marks and Intellectual Property in connection with the offer and sale of products and services from your Existing Center, to the extent that trade dress and marketing materials must feature both the Bare Blends Marks and the independent marks associated with your Existing Center. All such trade dress and marketing materials are subject to the requirements set forth in the Franchise Agreement, including but not limited to, Section 10 and Section 12. All co-branded formats must be approved prior to use.

**4. Separate Operations.** You agree at all times to operate your Café separate and apart from the operation of your Existing Center. You will operate the Café under a separate legal entity formed solely for the purpose of operating the Café and not the Existing Center or any other business.

**5. Transfer.** Your Existing Center expressly agrees it is bound by the transfer provisions set forth in Section 16 of the Franchise Agreement. For the avoidance of doubt, your Operating Principal shall not transfer a controlling interest in your Existing Center without our prior written consent, which we may withhold in our sole discretion.

**6. Inspection and Audit.** The inspection and audit rights set forth in Section 15.2 of the Franchise Agreement shall apply to the books and records of the Existing Center.

**7. Relocation.** The Existing Center shall comply with all relocation provisions set forth in Section 2.4 of the Franchise Agreement.

**8. Dispute Resolution Procedures.** The Existing Center agrees to be bound by the dispute resolution procedures set forth in Section 21 of the Franchise Agreement.

**9. Indemnification**. The Existing Center agrees to indemnify, defend and hold harmless Bare Blends, our affiliates and us and our affiliates' respective members, managers, directors, officers, owners, employees, agents, contractors, advisors, successors and assignees (the "Indemnified Parties") against and to reimburse any one (1) or more of the Indemnified Parties for all losses, expenses, judgments, settlements, claims, liabilities, attorneys' fees, costs (including, without limitation, expert witness fees, court costs, accountants' fees, travel and living expenses) and damages arising out of any claim directly or indirectly (i) related to the operation of your Existing Center; (ii) arising out of a breach of this Agreement or any other agreement with us or any of our affiliates; or (iii) any and all taxes described in this Agreement provided, however, that you shall not be required to hold harmless or indemnify us for any losses relating to any claim to the extent such losses arise out of our gross negligence or willful misconduct. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Franchise Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

**10. Acknowlegement.** Franchisee and Existing Center acknowledge and agree that because both business units will be co-branded with the Bare Blends name the Existing Center must (i) operate at all times in compliance with applicable law and regulations; and (ii) maintain a high standard of cleaniness and upkeep in its appearance, including making repairs and replacements to equipment, fixtures and signage as Bare Blends deems reasonably necessary. The Parties understand and acknowledge that the restrictions set forth in this Addendum are reasonably necessary to protect the System's goodwill, and reputation and the Marks and Intellectual Property co-branded with the Existing Center.

**11.** **<u>Integration and Effect</u>.** This Addendum is an integral part of, and is incorporated into, the Franchise Agreement as if fully set forth therein. The provisions of this Addendum will govern, control, and supersede any inconsistent or conflicting provisions of the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect.

**IN WITNESS WHEREOF**, the Parties hereto, intending to be legally bound hereby have duly executed this Addendum to the Franchise Agreement.

**BARE BLENDS FRANCHISE, LLC:**

By: ________________________________

Title: ______________________________

Date: ______________________________

**NAME OF EXISTING HEALTH CENTER:**

By: ________________________________

Title: ______________________________

Date: ______________________________

**FRANCHISEE**:

____________________________________
(Name)

By: ________________________________

Title: ______________________________

Dated: _____________________________

## Exhibit C

## DEVELOPMENT RIGHTS RIDER

1. **Background**. This Development Rights Rider (the "Rider") is made by and between Bare Blends Franchise, LLC ("we," "us," or "our") and ________________________________ ("you" or "your"). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you have signed contemporaneously with this Rider for the development and operation of a Bare Blends Café (the "Franchise Agreement"). We and you are signing this Rider because you want the right to develop additional Cafés (besides the Café covered by the Franchise Agreement) within a certain geographic area over a certain period of time, and we are willing to grant you those development rights if you comply with this Rider. Capitalized terms not defined in this Rider have the meaning ascribed to them in the Franchise Agreement.

2. **Grant of Development Rights**. Subject to your strict compliance with this Rider, we grant you the right to develop a total of ___ Cafés (including the Café covered by the Franchise Agreement), according to the mandatory development schedule outlined in Schedule A to this Rider (the "Schedule"), within the following geographic area (the "Development Area"):

______________________________________________________________________________
______________________________________________________________________________
_________________________________________________________________________

If you (and, to the extent applicable, your affiliated entities, as described in Section 3 below) are fully complying with all of your obligations under this Rider, the Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your affiliated entities) for the development and operation of Cafés, then during this Rider's Term (as defined in Section 7 hereof), we (and our affiliates) will not, except in the situations described below, establish or grant to others the right to establish a Café the physical premises of which will be located within the Development Area.

You acknowledge and agree that we and our affiliates (and any business that acquires our assets or ownership interests) have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Development Area, including, without limitation, those which we reserve in the Franchise Agreement. After this Rider expires or is terminated, regardless of the reason for termination, we and our affiliates (and any business that acquires our assets or ownership interests) have the right, without any restrictions whatsoever, to (a) establish, and grant to others the right to establish, Cafés, the physical premises of which are located within the Development Area; and (b) continue to engage, and grant to others the right to engage, in any other activities that we (and they) desire within the Development Area.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations**. To maintain your rights under this Rider, you (or your approved affiliated entity or entities) must sign franchise agreements for, and then construct, develop, and have open and operating within the Development Area, the agreed-upon number of Cafés by the dates specified in the Schedule. If your owners establish a new legal entity to operate one or more of the Cafés

to be developed pursuant to this Rider and that new legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "approved affiliated entity" without further action. However, if the new legal entity's ownership is not completely identical to your ownership, you first must seek our approval to allow that new entity to operate the proposed Café.

You (and/or your approved affiliated entity) will operate each Café under a separate franchise agreement with us. The franchise agreement (and related documents, including without limitation, the Personal Guaranty) that you and your owners (or your affiliated entity and its owners) must sign for each Café developed pursuant to this Rider will be our then-current form of franchise agreement (and related documents, including without limitation, the Personal Guaranty), any or all of the terms of which may differ substantially from any or all of the terms contained in the Franchise Agreement, although you will not be required to pay an Initial Franchise Fee under any franchise agreement executed under this Rider. Despite any contrary provision contained in the newly-signed franchise agreements, your additional Cafés within the Development Area must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each Café opened pursuant to this Rider must operate continuously throughout this Rider's term in substantial compliance with its franchise agreement; provided, however, we may permit you to stop operating any Café during the term of this Rider and avoid termination thereof if you develop a replacement Café within 180 days after you stop operating the original Café.

4. **Subfranchising and Sublicensing Rights**. This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to operate a Café. Only you (and/or approved affiliated entities) may construct, develop, open, and operate a Café pursuant to this Rider. This Rider also does not give you (or your affiliated entities) any independent right to use the Bare Blends trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you comply with its terms.

5. **Development Fee**. As consideration for the development rights we grant you in this Rider, you must pay us a total of ________________ (the "Development Fee"), which shall be payable as follows: (i) upon execution of this Rider, you will pay (a) $40,000, which covers the entire portion of the Development Fee applicable to your first Café, plus (b) a $17,500 reservation fee for your second Café, plus (c) a $12,500 reservation fee for your third and each subsequent Café (collectively, the "Development Deposit"); and (ii) $17,500 upon the execution of the additional franchise agreement (in its then-current form) for your second Café; and (iii) $12,500 upon the execution of the additional franchise agreement (in its then-current form) for your third Café. The Development Fee is consideration for the rights we are granting you in this Rider and for reserving the Development Area for you to the exclusion of others (except as provided in this Rider), is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances.

6. **Grant of Franchises**. You agree and acknowledge that you must enter into: (i) our then-current form of franchise agreement for each additional Café that you are required to open under this Agreement, and (ii) such franchise agreement(s) at such times as are required for you to timely meet, and strictly adhere to, the Schedule.

7. **Term**. This Rider's term begins on the date we and you sign it and ends on the date when (a) the final Café to be developed under the Schedule has been opened (or, if earlier, must have opened), or (b) this Rider otherwise is terminated ("Term").

8. **Termination**. We may at any time terminate this Rider and your rights under this Rider to develop a Café within the Development Area, such termination to be effective upon delivery to you of written notice of termination:

(a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure;

(b) if the Franchise Agreement is terminated or any other franchise agreement between us and you (or your affiliated entity) for a Café is terminated, even if that other franchise agreement was not signed pursuant to your rights under this Rider; or

(c) if we have delivered a formal written notice of default to you under the Franchise Agreement or to you (or your affiliated entity) under any other franchise agreement between us and you (or your affiliated entity) for a Café (even if that other franchise agreement was not signed pursuant to your rights under this Rider), whether or not you (or your affiliated entity) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement.

(d) A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

9. **Assignment**. Your development rights under this Rider are not assignable under any circumstances. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a transfer of any ownership interest in you, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights.

10. **Rider to Control**. Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, the terms of this Rider will control.

Dated this _____ day of ____________, 20__.

**BARE BLENDS FRANCHISE, LLC**

By:_________________________________

Title:____________________________

Date:____________________________

**FRANCHISEE**

_________________________________

[Name]

By:_____________________________

Date:

**SCHEDULE A**

**DEVELOPMENT SCHEDULE**

| **Number of New Cafes To Open** | **Cumulative Number of Cafes to be Open** | **Open & Operating On or Before** |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

**Exhibit D**

**General Release**

This General Release Agreement (the "Release") is made by the undersigned ___________________ (the "Releasor") for the benefit of Bare Blends Franchise, LLC, a Delaware limited liability company, and all of its affiliates ("Franchisor"), on this ____ day of __________________, 202_.

RECITALS

WHEREAS, Releasor is a Bare Blends Café Franchisee or owner of a Bare Blends Café Franchise operating a Bare Blends Café Franchise (the "Franchise") under that certain Franchise Agreement dated __________________ (the "Franchise Agreement");

WHEREAS, Releasor desires to transfer or renew the Franchise or an ownership in the Franchise in accordance with the Franchise Agreement; and

WHEREAS, all capitalized terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

NOW, THEREFORE, in consideration of the consent by Franchisor to the transfer (the "Transfer") or renewal ("Renewal") of the Franchise and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, Releasor hereby covenants and promises as follows:

(1) Releasor hereby absolutely and forever releases and discharges Franchisor from any and all claims, demands, damages, debts, liabilities, accounts, costs, expenses, liens, losses, charges, actions, suits, proceedings and causes of action of every kind and nature whatsoever ("Released Matters"), whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship in connection therewith or the operation of the Franchise.

(2) Releasor hereby understands and agrees that this Release shall extend to and be binding upon any and all of Releasor's attorneys, officers, members, managers, directors, owners, employees, agents, representatives, spouses, heirs, estate executors, administrators, successors, affiliates, associates and assigns, and their respective insurers and underwriters. If more than one party shall execute this Release, the term "Releasor" shall mean all parties executing this Release, and all parties shall be bound by its terms.

(3) Releasor hereby understands and agrees that this Release shall extend to and inure to the benefit of any and all of Franchisor's members, managers, attorneys, officers, directors, owners, employees, agents, representatives, legal representatives, successors, affiliates, subsidiaries, associates and assigns, and its and their respective insurers and underwriters.

(4) Releasor hereby understands and agrees that this Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made with respect to this Release, other than those set forth herein, and that in executing this Release, Releasor is not relying upon any representations, warranty, agreement or covenant not set forth in this Release.

(5) This Release and all acts and transactions under it shall in all respects be interpreted, enforced and governed by the internal laws of the State of Delaware.

This Release may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the undersigned hereto have executed this Release effective as of the date first set forth above.

RELEASOR

____________________________________

Name of Franchisee

BY:________________________________

Name:______________________________

Title:_______________________________

| | |
|---|---|
| ____________________________________ | |
| Individually (Owner) | Spouse |
| ____________________________________ | ____________________________________ |
| Individually (Owner) | Spouse |
| ____________________________________ | ____________________________________ |

**AGREED AND ACKNOWLEDGED:**

Bare Blends Franchise, LLC

BY:________________________________

Name:

Title:

**Exhibit E**

**Personal Guaranty**

This Guaranty must be signed by the owners (referred to as "you" or "your" for purposes of this Guaranty only) of ______________ (the "Business Entity") under the Franchise Agreement dated _____________, 20___ (the "Franchise Agreement" and each and every agreement signed by Business Entity and us or any affiliate of ours, including the Franchise Agreement, the "Franchise Agreements") with Bare Blends Franchise, LLC ("us," or "our" or "we"). Terms not defined herein shall have the meaning set forth in the Franchise Agreement.

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Franchise Agreements, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreements; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreements.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Franchise Agreements upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreements and, for obligations surviving the termination or expiration of the Franchise Agreements, after their termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', paralegals', mediators', arbitrators and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on and from the Franchise Agreement Effective Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Franchise Agreements.

6. **Governing Law**. This Guaranty shall be deemed to have been made in and governed by the laws of the State of Delaware, which laws shall prevail in the event of any conflict of law.

7. **Internal Dispute Resolution**. You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to our CEO. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

8. **Dispute Resolution**. At our option, all claims or disputes between you and us arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and us, or any of the parties' respective rights and obligations arising from such agreements or your operation of the Franchise must be submitted first to internal dispute resolution, then mediation and finally arbitration as set forth in the Franchise Agreements. This agreement to mediate and arbitrate at our option shall survive the termination or expiration of this Guaranty.

9. **Third Party Beneficiaries**. Our officers, directors, owners, members, agents, representatives, affiliates, the Cooperative and/or employees are express third party beneficiaries of the Franchise Agreements and this Guaranty, and the mediation and arbitration provisions incorporated by reference herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

10. **Injunctive Relief**. Nothing contained in this Guaranty shall prevent us from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interest prior to the filing of any mediation proceeding or pending the arbitration or handing down of a decision or award pursuant to any mediation or arbitration conducted hereunder.

11. **Jurisdiction and Venue**. With respect to any proceeding not subject to mediation or arbitration, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in the State of Delaware and the jurisdiction and venue of the United States District Court for the District of Delaware.

12. **Jury Trial Waiver**. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS GUARANTY OR THE FRANCHISE AGREEMENTS, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE.

13. **Waiver of Punitive Damages**. You waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages, and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable, for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

14. **Waiver of Class Actions**. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

15. **Limitation on Action**. You agree that no cause of action arising out of or under this Guaranty or any of the Franchise Agreements may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

16. **Counterparts.** This Guaranty may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signature Page to Follow]

Each of you now sign and deliver this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

| **PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY** | **GUARANTORS** |
|---|---|
| PERCENTAGE: ____________ % | NAME: ________________________________<br>SIGNATURE: __________________________<br>DATE: ________________________________ |
| PERCENTAGE: ____________ % | NAME: ________________________________<br>SIGNATURE: __________________________<br>DATE: ________________________________ |

**Exhibit F**

**Non-Compete, Confidentiality and Non-Solicitation Agreement**

I, ___________________ agree that during my association with ______________ ("Franchisee") and Bare Blends Franchise, LLC and its affiliates (collectively referred to as "Bare Blends Café") and for twenty-four (24) months immediately thereafter, I will not (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on my own account):

(a) Divert, solicit, interfere with, misappropriate, take away or attempt to divert or take away any source of business or revenue or any customer, referral source, broker, insurer, vendor, supplier, trade or patronage with whom Franchisee, Bare Blends Café, any affiliate of Bare Blends Café or any other franchisee does business or whom I know Franchisee, Bare Blends Café, any affiliate of Bare Blends Café or any other franchisee has contacted or solicited for business relationships; or

(b) Within the Non-Compete Area (defined below), participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell (including through licensing or franchising) products, goods, or services the same or similar to the products, goods, or services offered by the Franchisee or Bare Blends Café, or contribute my knowledge or have any financial interest in any work or activity that relates to or involves or is in any way engaged in the operation, licensing, franchising or consulting, developing, marketing, organizing, providing, promoting, coordinating or selling juices, smoothies or healthy concept food bowls of any kind at a retail establishment selling primarily such items; or

(d) Induce or attempt to induce, or solicit any of Franchisee's, Bare Blends Café or other Bare Blends Café's affiliates' or franchisees' strategic partners, customers, referral sources, brokers, personnel or other independent contractors to accept employment or an affiliation of any kind with me or any third party; or

(e) Perform or contribute to any other act injurious or prejudicial to the goodwill associated with Bare Blends Café or its trademarks, trade names or other intellectual property.

In addition to the above, I agree to at all times during and after this Agreement, treat as confidential all manuals and materials designated for use by Bare Blends Café with a Bare Blends Café business (including without limitation the Operations Manual), and such other information as Bare Blends Café or the Franchisee may designate from time to time for confidential use with the Bare Blends Café business (as well as all trade secrets and confidential information, knowledge and know-how concerning the operation of the Franchise that may be imparted to, or acquired by, me from time to time in connection with my relationship with Bare Blends Café and the Franchisee), and shall use all reasonable efforts to keep such information confidential and shall not use the confidential information for any other purpose other than in connection with the operation of the Franchise. I acknowledge that the unauthorized use or disclosure of such confidential information (and trade secrets, if any) will cause incalculable and irreparable injury to Bare Blends Café and the Franchisee. I accordingly agree that I shall not, at any time, without Bare Blends Café's and the Franchisee's prior written consent, disclose, use or permit the use (except as may be required by applicable law or authorized by this Agreement) of such information, in whole or part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not generally known about Bare Blends Café's System Standards (as that term is defined in the Franchise Agreement) and such other information or material as Bare Blends Café or the Franchisee may designate as confidential, shall be deemed confidential for purposes of this Agreement.

The "Non-Compete Area" means: (1) in Franchisee's territory as granted by Bare Blends Café to Franchisee under their Franchise Agreement and twenty (20) miles of such Franchisee's territory, (2) within any other Bare Blends Café Franchisee territory or other business which is franchised, owned, operated or managed by Bare Blends Café (3) business conducted via the Internet or other form of e-commerce, wherever located; or (4) within twenty (20) miles of any territory in existence or under development as of the end of the term of the Franchise Agreement between Bare Blends Café and Franchisee.

Because of my significant responsibilities and access to proprietary information of the Bare Blends Café and the Franchisee, I acknowledge that each of my obligations in this Agreement is reasonable and necessary to protect the Franchisee's, Bare Blends Café's and its franchisees' legitimate business interests. I understand that breaking any of my promises or obligations will irreparably and continually damage Franchisee, Bare Blends Café, and Bare Blends Café Franchisees for which money damages may not be adequate.

Consequently, if I violate any of my promises in this Agreement, or Bare Blends Café and/or Franchisee has reason to believe that I am about to violate this Agreement, without limitation to other available remedies, Bare Blends Café and Franchisee will be entitled to both: (1) a preliminary or permanent injunction to prevent the continuing harm to Bare Blends Café (and/or any of its franchisees) and/or Franchisee, and (2) money damages insofar as they can be determined. An injunction ordering me to stop any activities that may violate this Agreement will not prevent me from earning a living. I will pay Bare Blends Café and/or Franchisee its costs and expenses resulting from any enforcement of this Agreement resulting from my violation of the terms hereof, including reasonable attorneys' fees.

If any court determines that any of the covenants set forth in this Agreement, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable. This Agreement shall be enforced and governed by and under the substantive law of the State of Delaware, without regard to choice of law rules, unless otherwise provided herein.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

______________________________ ______________________________
Name: , Individually Date
Title:

AGREED AND ACKNOWLEDGED:
Bare Blends Franchise, LLC

______________________________
Name:
Title:

## Exhibit G

## Electronic Funds Transfer (EFT) Authorization

| | |
|---|---|
| Franchisee Information: | |
| Franchisee Name | |
| Franchisee Mailing Address (street) | Franchise Phone No. |
| Franchisee Mailing Address (city, state, zip) | |
| Bank Account Information: | |
| Bank Name | Bank Account No. |
| Bank Mailing Address (street) | Bank Routing No.<br>[: [:<br>(9 characters) |
| Bank Mailing Address (city, state, zip) | Bank Phone No. |
| Payee Information<br>Bare Blends Franchise, LLC | |

Authorization:
The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to the Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on Tuesday of each week. The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until the Payee has received written notification from the Franchisee in such time and manner as to afford the Payee and the Bank to act on such notice. The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payee.

Signature: Date:

INDEMNIFICATION OF BANK

In consideration of the Bank's compliance with the foregoing request and authorization, the Payee agrees with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for, from and against any loss the Bank may suffer as a consequence of the Bank's actions from or in connection with the execution and issuance of any electronic fund transfer or draft, whether or not genuine, purporting to be executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, except to the extent such loss caused by the negligence or willful misconduct of the Bank.

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

**Exhibit H**

**Internet Website and Listing Agreement**

# INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the _____ day of___________, 20___ (the "Effective Date"), by and between Bare Blends Franchise, LLC (the "Franchisor"), and _____________________________, a_________________________ (the "Franchisee").

**W I T N E S S E T H:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

**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 Internet Listing 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 Internet Listing 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. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, social media platforms such as social networking website, including but not limited to Facebook, SnapChat, LinkedIn, Twitter, Pinterest, or any blogs or other bulletin boards, or chat rooms, other networking and share sites and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchise or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings to: (i) transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, (ii) provide us with primary administrative access to such Internet Web Sites, and (iii) 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 Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs. In the event that Franchisor accepts one or more Internet Web Sites and Listings, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Internet Web Sites and Listings.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Internet Listing Agreement, 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 Internet Listing 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 Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Internet Web Sites and Listings;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Internet 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.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Franchisee's Interest (and Franchisor shall become liable for any sums to be paid to the Internet Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

## 3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee shall 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 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 to the extent that they are related to or are based on Franchisee's breach of this Internet Listing Agreement, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor shall indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Internet Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Internet Companies incurred on and after the date Franchisor duly accepted the transfer of such Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 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 or all such Internet Web Sites and Listings.

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

3.4 Successors and Assigns. All of Franchisor's rights and powers, and all of Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Internet Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

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

3.9 Counterparts. This Internet Listing Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Internet Listing Agreement as of the Effective Date.

| FRANCHISOR:<br>Bare Blends Franchise, LLC | FRANCHISEE |
|---|---|
| By:_____________________________ | By:_____________________________ |
| Name: __________________________ | Name: __________________________ |
| Title: ____________________________ | Title: ____________________________ |

**Exhibit I**

# TELEPHONE LISTING AGREEMENT

**THIS TELEPHONE LISTING AGREEMENT** (the "Telephone Listing Agreement") is made and entered into as of the ______ day of _______________, 20____ (the "Effective Date"), by and between Bare Blends Franchise, LLC (the "Franchisor"), and __________________ , a ________________(the "Franchisee").

**WITNESSETH:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

**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 Telephone Listing 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 all of which are hereby acknowledged, the parties hereto agree as follows:

## 1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing 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. TRANSFER; APPOINTMENT

2.1 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, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Franchise or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee shall immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings to: (i) transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, and (ii) 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 Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs. In the event that Franchisor accepts one or more Telephone Numbers and, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Telephone Numbers and Listings.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Telephone Listing Agreement, 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, on Termination of the Franchise Agreement, 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 Telephone Listing 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 Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Telephone Numbers and Listings;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Telephone Companies that they shall 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.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all of Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Franchisee's Interest (and Franchisor shall become liable for any sums to be paid to the Telephone Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

## 3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee shall indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors 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 to the extent that they are related to or are based on Franchisee's breach of this Telephone Listing Agreement unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor shall indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Telephone Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Telephone Companies incurred on and after the date Franchisor duly accepted the transfer of Franchisee's Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement 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 or all such Telephone Numbers and Listings.

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

3.4 Successors and Assigns. All of Franchisor's rights and powers, and all of Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Telephone Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

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

3.9 Counterparts. This Telephone Listing Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

| FRANCHISOR: Bare Blends Franchise, LLC | FRANCHISEE |
|---|---|
| By:____________________________ | By:____________________________ |
| Name: __________________________ | Name: __________________________ |
| Title: ___________________________ | Title: ___________________________ |

**Exhibit J**

# COLLATERAL ASSIGNMENT OF LEASE

**FOR VALUE RECEIVED**, the undersigned ("Assignor") assigns, transfers and sets over to Bare Blends Franchise, LLC, a Delaware limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as __________________________________. This assignment is for collateral purposes only and, except as specified in this document, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease. This assignment is intended only for non-affiliated third-party leases and shall have no effect if the Assignor or any of Assignor's affiliates own the property subject to the lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Bare Blends Café business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event, Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

| | |
|---|---|
| ASSIGNEE: | ASSIGNOR: |
| Bare Blends Franchise, LLC | ______________________________ |
| By:____________________________ | By:____________________________ |
| Name:__________________________ | Name:__________________________ |
| Title:___________________________ | Title:___________________________ |
| Date:___________________________ | Date:___________________________ |

**CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Bare Blends Café business.

Dated: ___________________________

_________________________________
_________________________________, Lessor

## Exhibit K

## Statement of Prospective Franchisee

As you know, you and we are entering into a Bare Blends Franchise, LLC Franchise Agreement for the operation of a Bare Blends franchised business. The purpose of this Statement by Prospective Bare Blends Franchise, LLC Franchisee is for us to conduct certain factfinding related to the offer and sale of the Bare Blends franchised business. Please review each of the following questions carefully and provide honest responses to each question.

1. Did you receive a copy of our Bare Blends Franchise, LLC Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement (including the exhibits, addenda, attachments and related agreements like the franchise and area development agreement) and at least 14 calendar days before you paid us any money for any reason? Check one: ☐ Yes. ☐ No.

2. Did you sign a receipt for the Disclosure Document indicating the date you received it? ☐ Yes. ☐ No.

3. Is the name, address and telephone number of any broker and each of our employees or representatives who was involved in offering you this franchised business listed on our Bare Blends Franchise, LLC Franchise Disclosure Document Receipt (Exhibit to the Bare Blends Franchise, LLC Franchise Disclosure Document) you signed (or on any updated receipt we provided to you)? Check one: ☐ Yes. ☐ No.

4. Did you get answers to all of your questions and concerns about making an investment in a Bare Blends Franchise, LLC Franchise? Check one: ☐ Yes. ☐ No.

5. Have you discussed the benefits and risks of establishing and operating a Bare Blends Franchise, LLC Franchise with an attorney, accountant, or other professional advisor? ☐ Yes. ☐ No. If no, do you need additional time to do so? ☐ Yes. ☐ No.

   If you answered "No" to questions 1-4, please explain (attached additional sheets, if necessary): _
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   _____________________________________________

6. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in our Bare Blends Franchise, LLC Franchise Disclosure Document? Check one: ☐ Yes. ☐ No.

7. Did any employee or other person speaking on our behalf make any statement or promise or provide you with any oral, written or visual claim, computer model or spreadsheet or representation that stated, suggested, predicted or projected your sales, revenues, income or profit levels? Check one: ☐ Yes. ☐ No.

8. Did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a Bare Blends franchised business that is not contained in our Bare Blends Franchise, LLC Franchise Disclosure Document or that is contrary to or different from the

information in our Bare Blends Franchise, LLC Franchise Disclosure Document? Check one: ☐ Yes. ☐ No.

9. Did anyone offer or promise you any amendment, addendum, “side deal,” “side letter” or similar arrangement that is different from or supplemental to the Bare Blends Franchise, LLC Franchise Agreement? Check one: ☐ Yes. ☐ No.

If you answered “Yes” to any of questions 6 through 9, please explain in detail the claim, representation or statement (attached additional sheets if necessary): ___________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
_________________________________________________________________

IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

FRANCHISEE

By:______________________________

Name: ___________________________

Title: _____________________________

**Exhibit L**

**On-Site Training Agreement**

Dates of Training: ____________________________________________________________

Franchisee: ________________________________________________________________

Franchisor Operating Principal: _______________________________________________

Terms not defined herein shall have the meaning set forth in the Franchise Agreement dated ___________________. Franchisee agrees that all pre-opening obligations have been met and all requirements for training are complete, including but not limited to:

1. Franchisor has provided you with a Design and Construction Plan, assistance including site selection, site evaluation and lease review, as we have outlined in our Operations Manual.

2. Franchisor has provided you a copy of the Operations Manual, which may include audio and video media, compact disc media, computer software, other electronic media, and/or written materials.

3. Your Operating Principal and GM have been provided all training, including initial training, classroom training and on-site training.

4. Franchisor provided you with specifications for all initial and replacement furniture, fixtures, equipment, inventory, and supplies required to operate your Franchised Business.

5. Franchisor counseled you on necessary pre-opening procedures and assisted you with inventory ordering of products, equipment and supplies, through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations

6. Franchisor provided you with a list of our approved items, services and suppliers, and consultation on required purchases as we deemed necessary and appropriate.

7. Franchisor provided you with templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for your Bare Blends Café Business.

8. You have completed the following:

______ Proper Inventory of Products ordered
______ All fixtures, set-ups, displays, models and demos
______ All licenses and certificates obtained
______ All Personnel been hired
______ Employees notified of training dates and times (all staff that is available MUST be present during designated training times)

I, _________________________, the Operating Principal of the Franchisee named above, understand there may be additional costs incurred to me if the support team has to extend their stay as a result of my unpreparedness. All costs associated with the extended stay (hotel, meals, airfare costs, car rental) will be billed directly to me upon the support team's return after completing the on-site training.

It will be at the support manager's discretion, upon arrival, if it is feasible to perform a complete and valuable training session.

I have read, acknowledge and agree to this document.

Please print name: ______________________________________ Date: ________

Signature: ______________________________________________

**Exhibit C**
**List Of Franchisees**

Colorado:
Bold LLC
Greg Stack (1 unit)
Centennial, Colorado
Phone Number: 707-339-1877

Florida:
*(Franchise Agreements signed, but not open)*
Collett Holdings LLC
Susan Collett (3 units)
Hillsborough County, Manatee County, and Sarasota County, Florida
Phone Number: 518-424-8384

New York:
Fruit Slashers LLC
Kayla Tote & Crystal Waters (1 unit)
Glenville, New York
Phone Number: 518-878-6711

CM Saratoga1 LLC
Susan Collett
Saratoga Springs, New York
Phone Number: 518-424-8384

R3B Cafe LLC
Robin Gulay (2 units)
Rensselaer, Wynantskill, Hamilton New York
Phone Number: 518-944-6896

UFoodU LLC
*(Franchise Agreement signed, but not open)*
Syracuse, New York
Phone Number: 518-573-2194

**Exhibit D**
**List Of Former Franchisees**

None.

**Exhibit E**
**Operations Manual Table Of Contents**

**Operations Manual -**
**Table of Contents**

**Exhibit F**
**List of State Administrators**

| | | |
|---|---|---|
| **California**<br>California Department of Financial Protection and Innovation<br>320 West 4th St., Suite 750<br>Los Angeles, CA 90013-2344<br>(213) 736-2741<br>Toll Free: 1-866-275-2677 | **Michigan**<br>Consumer Protection Division<br>Michigan Department of Attorney General<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | **South Dakota**<br>Department of Labor and Regulation<br>Division of Securities<br>124 S Euclid, Suite 104<br>Pierre, SD 57501 |
| **Connecticut**<br>Department of Banking, Securities Investment Division<br>260 Constitution Plaza<br>Hartford, CT 06103 | **Minnesota**<br>Minnesota Dept. of Commerce<br>85 7th Place East, Suite 500<br>St. Paul, MN 55101-3165<br>(651) 296-4026 | **Texas**<br>Secretary of State<br>Statutory Documents Section<br>P.O. Box 12887<br>Austin, TX 78711-2887 |
| **Florida**<br>Florida Department of Agriculture And Consumer Services<br>407 S. Calhoun Street<br>Tallahassee, FL 32399-6700 | **New York**<br>NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8222 | **Utah**<br>Department of Commerce<br>160 East 300 South<br>SM Box 146704<br>Salt Lake City, UT 84114-6704 |
| **Hawaii**<br>Business Registration Div. Dept. of Commerce<br>& Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **Nebraska**<br>Department of Banking and Finance<br>1230 "0" Street<br>Suite 400<br>PD. Box 95006<br>Lincoln, NE 68509-5009 | **Virginia**<br>State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street<br>Richmond, Virginia 23219<br>(804) 371-9051 |
| **Illinois**<br>Chief, Franchise Division<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62707<br>(217) 782-4465 | **North Dakota**<br>North Dakota Securities Department<br>600 East Boulevard Avenue<br>5th Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | **Washington**<br>Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507-9033<br>(106) 753-6928 |
| **Indiana**<br>Deputy Commissioner, Franchise Division Indiana Securities Commission<br>Secretary of State<br>302 W. Washington St, Room E-111 Indianapolis, IN 46204<br>(317) 232-6681 | **Oregon**<br>Department of Insurance & Finance Corporate Securities and Franchise<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, OR 97310<br>(503) 378-4387 | **Wisconsin**<br>Securities and Franchise Registration<br>Wisconsin Securities Commission<br>P.O. Box 1768<br>Madison, WI 53701<br>(608) 266-8559 |
| **Maryland**<br>Office of the Attorney General, Securities Division,<br>200 St. Paul Place,<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | **Rhode Island**<br>Chief Securities Examiner<br>Department of Business Regulation Securities Division<br>Franchise Section<br>233 Richmond Street, Suite 232<br>Providence, RI 02903-4232<br>(401) 277-3048 | |

## Exhibit G
## List of Agents for Service of Process

| | | |
|---|---|---|
| **CALIFORNIA**<br>California Department of Financial Protection and Innovation<br>320 West $4^{th}$ Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500 | **MARYLAND**<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360 | **RHODE ISLAND**<br>Director of Depart. of Business Regulation Suite 232<br>233 Richmond Street<br>Providence, Rhode Island 02903-4232<br>(401) 277-3048 |
| **CONNECTICUT**<br>Connecticut Department of Banking, Securities and Business Investments Division<br>260 Constitution Plaza<br>Hartford, CT 06103 | **MICHIGAN**<br>Dept. of Commerce, Corp'ns & Securities Bur. 6546 Mercantile Way<br>P.O. Box 30222<br>Lansing, Michigan 48910<br>(517) 373-7117 | **SOUTH DAKOTA**<br>Department of Labor and Regulation<br>Division of Securities<br>124 S Euclid, Suite 104<br>Pierre, SD 57501 |
| **HAWAII**<br>Comm'r Securities of the State of Hawaii<br>Department of Commerce & Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **MINNESOTA**<br>Commissioner of Commerce<br>85 $7^{th}$ Place East, Suite 500<br>St. Paul, Minnesota 55101<br>(612) 296-4026 | **VIRGINIA**<br>Clerk of the State Corporation Commission 1300 East Main Street<br>Richmond, Virginia 23219<br>(804) 371-9733 |
| **ILLINOIS**<br>Illinois Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | **NEW YORK**<br>New York Secretary of State<br>99 Washington Avenue<br>Albany, New York 12231 | **WASHINGTON**<br>Director of Depart. of Financial Institutions General Administration Building -Securities Division – $3^{14}$ Floor<br>150 Israel Road, S. W.<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| **INDIANA**<br>Indiana Secretary of State<br>201 State House<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **NORTH DAKOTA**<br>North Dakota Securities Commissioner<br>600 Boulevard Avenue, State Capital<br>Fifth Floor<br>Bismarck, ND 58505-0510<br>(701)328-4712 | **WISCONSIN**<br>Commissioner of Securities<br>345 West Washington Avenue<br>Fourth Floor<br>Madison, Wisconsin 53703<br>(608) 261-9555 |

**Exhibit H**
**State Addendum to Franchise Disclosure Document**

## ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE NEW YORK FRANCHISE LAW

Notwithstanding anything to the contrary in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of New York:

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 F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEANT THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 this Disclosure Document: (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), title "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 issues 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.

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), title "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.

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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 stated below:

| State | Effective Date |
|---|---|
| Florida | May 3, 2022 |
| Kentucky | May 24, 2022 |
| New York | Pending |

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 I**
**RECEIPT**
(OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Bare Blends Franchise, 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 that we give you this 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. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Bare Blends Franchise, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

The franchisor is Bare Blends Franchise, LLC, at 1475 Western Avenue, Suite 24G, Albany, NY 12203 or (518) 227-0485. The franchise sellers are Jessica Fuller and Ann-Marie Berdar.

Issuance Date: April 5, 2023. The Issuance Date is not the Effective Date. See Page 4 of this disclosure document to determine if your state's Effective Date varies from the Issuance Date.

Bare Blends Franchise, LLC authorizes the agents listed on Exhibit G to receive service of process in the respective states.

I received a disclosure document dated April 5, 2023, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement
C. List of Franchisees
D. List of Former Franchisees
E. Operations Manual Table of Contents
F. List of State Administrators
G. List of Agents for Service of Process
H. State Specific Addenda
I. Receipts

____________________
Date Received

________________________________
Prospective Franchisee Signature

________________________________
Prospective Franchisee Printed Name

Mail signed and dated Receipt to Bare Blends Franchise, LLC at 1475 Western Avenue, Suite 24G, Albany, NY 12203 or email to franchise@bareblends.com.

## RECEIPT
(YOUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Bare Blends Franchise, 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.

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G. List of Agents for Service of Process
H. State Specific Addenda
I. Receipts

____________________
Date Received

________________________________
Prospective Franchisee Signature

________________________________
Prospective Franchisee Printed Name

Mail signed and dated Receipt to Bare Blends Franchise, LLC at 1475 Western Avenue, Suite 24G, Albany, NY 12203 or email to franchise@bareblends.com.