BLUE NOSE

AERIAL IMAGING

FRANCHISE DISCLOSURE DOCUMENT

INCLUDING

FRANCHISE AGREEMENT

Blue Nose Franchising, LLC

A Colorado limited liability company
2548 Akron Street
Denver, Colorado 80238
Telephone: (703) 615-7196
E-mail: tanner@bluenoseaerial.com
Website: www.bluenoseaerial.com

Blue Nose Franchising, LLC sells franchises in which the franchisee will operate a service business offering aerial drone photography services.

The estimated total investment necessary to begin operation of a Franchised Business ranges from $2,640- $6,450. This includes the initial franchise fee which is $2,500. Please see Items 5 and 7 for additional details.

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, franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Tanner Harris at tanner@bluenoseaerial.com; 2548 Akron Street, Denver, Colorado, 80238; (703) 615-7196.

The terms of your contract will govern your franchise relationship. Do not 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, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: August 10, 2020

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 in Exhibit 5.
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 7 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 Blue Nose business be the only 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 will tell you whether the franchisor or its management have been involved in any material litigation or bankruptcy proceedings.
What's it like to be a Blue Nose franchisee?	Item 20 or Exhibits 5 and 6 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the Table of Contents.

What You Need to Know About Franchising *Generally*

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

Business models 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 operating 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 A.

Your state may also 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.

NOTICE REQUIRED BY

STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This Section applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit 1 for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY. AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. **BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.**

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION, OR LITIGATION IN COLORADO. OUT-OF-STATE MEDIATION, ARBITRATION, OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN COLORADO THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE JULY 16, 2020. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

4. LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AGREEMENT PROVISIONS. CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS DISCLOSURE DOCUMENT.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this

person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The effective dates of this Disclosure Document in the states listed below are:

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	

Washington	
Wisconsin	

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ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

The Franchisor

The Franchisor is Blue Nose Franchising, LLC. To simplify the language in this Disclosure Document we refer to the Franchisor as "Blue Nose," "we," and "our." We refer to the person interested in buying the franchise as "you" or "your" and, if such person is a partnership, corporation, limited liability company, or other entity, it includes persons that own equity interests in such entity. The franchise will be referred to as a "Franchised Business" or the "Franchised Business" throughout this document. The term "Blue Nose" is the most common reference to our franchise system.

We are a franchising company which promotes and sells franchises for the operation of Franchised Businesses. We do not own or operate a business of the type being franchised, although we have an affiliate that does, as described below. We are not engaged in any business other than selling franchises for Franchised Businesses. We have offered franchises since August 10, 2020. We were formed on July 16, 2020.

Our agent for service of process is Tanner Harris. His principal business address 2548 Akron Street, Denver, Colorado, 80238. If we have an agent for service of process in your state, we disclose that agent in Exhibit 1.

Our Parents, Affiliates, and Predecessors

We have no parents or predecessors.

We have one affiliate, Blue Nose, LLC and was formed on October 29, 2019. This affiliate owns and operates the original Blue Nose at 2548 Akron Street, Denver, Colorado, 80238 which opened in October 2019. Our affiliate is not offering, and has never offered, franchises in any line of business. We have no other affiliates.

Our Business and the Franchises Offered

We are offering franchises for the operation of a service business which provides aerial drone photography services and products under the name and mark "Blue Nose," (each a "**Franchised Business**"). Each Franchised Business is established and operated using the format and system we developed (the "**System**"), and features and operates under the Proprietary Marks (as defined in Item 13). Franchised Businesses offer services such as aerial drone photography, videography, and other related services. Franchised Businesses sell products such as aerial drone photography, image editing, and other related services. If you purchase a franchise you will be the owner of the Franchised Business. You may employ staff to assist in the operations of the business. You must operate the Franchised Business according to our standards and specifications and sign our standard Franchise Agreement ("**Franchise Agreement**").

Franchised Businesses are characterized by our System. Some of the features of our System include: (i) standards and specifications for products, equipment, materials, and supplies; (ii) uniform standards, specifications, and procedures for operations; (iii) training and operational assistance; and (iv) marketing and promotional programs. We may periodically change and improve the System.

You must operate your Franchised Business in accordance with our standards and procedures, as set out in our confidential operations manuals and other manuals, instructional materials, and written policies (collectively, the "**Manuals**"). We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these and other updates available to you electronically).

In addition, we will grant you the right to use our marks, including the mark "Blue Nose" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**"). We may modify the Proprietary Marks or substitute new proprietary marks. See Items 13 and 14 for additional information regarding the Proprietary Marks and the Manuals.

We have not engaged in any other line of business and have not offered franchises in any other line of business. We began offering franchises on August 10, 2020.

Franchise Agreement

We offer to enter into Franchise Agreements (included as Exhibit 3 to this Disclosure Document) with qualified legal entities and persons that wish to establish and operate Franchised Businesses ("**Franchisees**").

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Franchised Business within an agreed-upon specified territory (the "**Exclusive Territory**"). In this Disclosure Document, the term "**Franchised Business**" means the Franchised Business franchised to you under a Franchise Agreement.

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a 51% ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us to assume the responsibilities of general oversight and management of your Franchised Business (the "**Designated Principal**").

Market and Competition

The market for the services you will sell is developing and moderately competitive. Our services and related products are sold to individuals and to businesses. Selling is not seasonal in most markets; however, some markets do have seasonal aspects. You will compete with local businesses offering similar services or with regional and national businesses.

Industry Specific Regulations

You should consider that certain aspects of any business are regulated by federal, state, and local laws, rules, and ordinances in addition to the laws, regulations, and ordinances applicable to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health, and Safety Act. Various federal, state, and local laws, rules, and regulations may impact the operation of your Franchised Business. In addition to laws that apply to businesses generally, there may be laws or regulations specific to the services offered by this type of business in the state or local area in which you will operate your Franchised Business, such as permitting or contractor licenses. These may also be laws and regulations concerning pollution, safety, and noise. It is your responsibility to investigate and to comply with any laws or regulations in your state or local area, and to obtain all required licenses and permits required to operate the Franchised Business. In order to operate a Franchised Business, you must obtain a Remote Pilot Certificate from the FAA (an FAA PART 107 Certification) in order to pilot drones.

ITEM 2

BUSINESS EXPERIENCE

The following is a list of our directors, officers, and other executives who have responsibility for the franchise program.

Mr. Tanner Harris, Founder and Managing Member.

Mr. Tanner Harris is our founder and managing member. He established our affiliate, Blue Nose, LLC, on October 29, 2019. Mr. Harris has been a pilot for United Airlines since August 2018. Previously, he served in the US Navy and held a variety of roles, most notably as an Operations Department Head, Naval Air Training and Operating Procedures Standardization Lead Instructor Pilot, Mission Commander Evaluator, and Assistant Strike Operations Officer. Mr. Harris is a certified Airline Transport Pilot with type ratings on the Boeing 707, 720, 737, 757, and 767 and on the Airbus 319 and 320. Additionally, he holds a Remote Pilot Certificate with small unmanned aircraft systems rating. Mr. Harris received his Bachelors in Aerospace Studies from Middle Tennessee State University and his Masters in Government from Johns Hopkins University.

ITEM 3

LITIGATION

There is no litigation required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us a lump sum initial franchise fee when you sign the Franchise Agreement ("**Initial Fee**"). The Initial Fee is $2,500 for a territory consisting of a population of 100,000 people.

The Initial Fee must be paid in full upon the execution of this Agreement. In the alternative, in our sole discretion, we may finance the Initial Fee by allowing you to make a down payment of $1,000 and you will sign a promissory note for the remaining $1,500 in favor of Franchisor in the form of EXHIBIT 4.

The Initial Fee, or any portion of the Initial Fee, or any interest paid to us as a result of the Promissory Note will be fully earned when paid and non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunities to enter into the Franchise Agreement with others. You must pay the Initial Fee, or the Initial Fee down-payment of $1,000 Initial Fee, in full at the time you sign the Franchise Agreement.

The Initial Fee is uniform for all franchisees and the same for each Franchised Business opened, except in the case where certain discounts and promotions are offered. We may elect to occasionally offer a discounted franchise fee to qualified franchise owners.

ITEM 6

OTHER FEES

Unless otherwise stated, all fees are imposed by, payable to, and collected by us. We mandate several fees for third party services, and it is your duty to pay such fees. All fees payable to us are non-refundable. Whether fees paid to third parties are refundable would depend on their policies.

Name of Fee	Amount	Date Due	Remarks
Royalty Fee	4% of Gross Sales.	Due on the first business day of each month based on the Gross Sales from the preceding month.	Paid to us for use of our Proprietary Marks, proprietary systems, and our on-going support. See Note 3 for definition of Gross Sales.
Advertising Contribution	2% of Gross Sales.	Same as Royalty Fee.	This fee goes towards the Advertising Contribution. See Item 11 under the heading "Advertising." See Note 3 for definition of Gross Sales.

Name of Fee	Amount	Date Due	Remarks
Local Advertising	Recommended amount of $150.00 or other amount best suited for the Franchised Business.	As incurred.	Paid to third party vendors.
Technology Fee	$150.00 per month	Same as Royalty Fee.	This fee covers the cost of adding a webpage advertising your Franchised Business on our website, an email address, and access to our online franchisee support platform.
Required Software	Varies	As incurred	You must utilize third-party software programs to operate your Franchised Business. We currently require you to install and purchase a subscription for Quickbooks, Microsoft Office Suite, Adobe Lightroom, and Dropbox. See Item 11 for more information.
Early Termination Fee	Equal to 50% of the total Royalties submitted the 12 months prior to termination.	Upon demand, if incurred.	This fee is required if you provide less than six months' notice of your termination. See Section 12.5 of the Franchise Agreement.

Name of Fee	Amount	Date Due	Remarks
Transfer Fee	An amount equal to 25% of the then-current initial franchise fee.	At time of transfer.	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes any sale or assignment of your franchise or your company. We do not impose a fee for a transfer to a corporation you form for the convenience of ownership. See Note 5, or Section 14.3 of the Franchise Agreement.
Renewal Fee	25% of the then-current initial franchise fee	Before renewal.	The Franchise Agreement may be renewed after your initial term expires. You will only need to pay this fee if you renew the Franchise Agreement. The renewal fee is for one five-year renewal period. See Section 1.3 of the Franchise Agreement.
Late Fee and Interest on Overdue Payments	A late fee equal to $100.00 immediately plus interest equal to 1.67% per day after the due date (but not more than any maximum rate set by law).	At time the overdue payments are paid.	Only due if you do not pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due. See Section 8.11 of the Franchise Agreement.

Name of Fee	Amount	Date Due	Remarks
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting, and legal costs.	Upon Demand.	Payable only if we conduct an audit and the audit discloses an understatement in any statement or report of 3% or more. (You will also have to pay the monies owed and interest on the underpayment, see "Interest" above. See Section 15.2 of the Franchise Agreement.
Additional Training	$500 per day	As incurred.	We provide initial training for up to two people prior to the opening of your Franchised Business. We may charge you for training additional persons, newly-hired personnel, or special assistance you need or request. This fee will not be charged in connection with minor, day-to-day assistance that we provide over the phone or via email. Please see Item 11 of this Franchise Disclosure Document for additional information.
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so.	Upon Demand.	We have the right (but not obligation) to buy insurance coverage if you do not do so. See Section 8.7 of the Franchise Agreement.

Name of Fee	Amount	Date Due	Remarks
Costs and Attorney's Fees	Will vary under circumstances.	Upon Demand.	Due only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorney's fees) as a result of your default and to enforce and terminate the Franchise Agreement.
Indemnification	Will vary under circumstances.	Upon Demand.	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Business, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose.

Explanatory Notes to Item 6 Table:

1. We may require that all fees payable to us be paid through an Electronic Depository Transfer Account ("**EDTA**"). Even if we do not require payment through an EDTA, we reserve the right to charge you an additional fee for the use of any other payment instrument. This additional fee will cover our additional expenses from processing a non-EDTA payment to us or any third party. See Section 2 of the Franchise Agreement.

2. Except as otherwise noted in this Item 6, we impose and collect all of the fees described above. None of these fees are refundable. All of the fees described above in this Item 6 are uniform for all franchisees. See Section 6 of the Franchise Agreement.

3. As the term is used in the Franchise Agreement, "Gross Sales" means the gross receipts of every kind and nature for sales of all products and services made in, upon, from, or through operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for products, services, exchange, credit, cash, or check regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement. Gross Sales shall not include the amount of refunds, tax collections, or allowances or discounts to customers, including discounts attributable to coupon sales. See Section 6.1 of the Franchise Agreement.

4. The Initial Franchise Fee covers your Initial Training; however you are responsible for any travel and living expenses for any additional in-person training sessions. See Section 5.1 of the Franchise Agreement.

5. The transfer fee that is due to us upon your transfer or sale of the franchised business is equal to 25% of the then-current initial franchise fee. See Section 14.3(d) of the Franchise Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

The following table describes the estimated initial investment for a single Franchised Business, subject to potential increases over time and other changes in circumstances.

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee (Note 2)	$2,500	Lump sum	Upon signing your Franchise Agreement	To us
Licenses, Permits, and Certifications (Note 3)	$75 - $200	As arranged	As incurred	To us and to 3rd party vendors
Computer System (Note 4)	$0 - $1,000	As arranged	As incurred	To us and to 3rd party vendors
Accountant and Attorney Fees (Note 5)	$0 - $150	As arranged	As incurred	To us and to 3rd party vendors
Insurance (Note 6)	$65-$100	As arranged	As incurred	To 3rd party vendors
Additional Funds (3 months) (Note 7)	$0 - $2,500	As arranged	As incurred	To us and to 3rd party vendors
Total Estimated Initial Investment	**$2,640- $6,450**			

Explanatory Notes to Item 7 Table:

1. **General.** We do not impose or collect the fees or costs described in this Item, except for the items noted with "Us" in the column labeled "To Whom Paid." Except as described below,

all fees and amounts that you must pay to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do offer certain franchisees financing for a portion of the initial investment (see Item 10 for additional information). Our estimates in this Item 7 are based on our experience in developing and operating our affiliate-owned Blue Nose Business, and our knowledge of business practices and conditions in the general marketplace. They are, however, only estimates and by their nature may change from time to time and may vary from location to location. The figures do not provide for your cash needs to cover financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Business (and which may extend for longer than the three month "initial period" described in Note 7 of this Item 7). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage or beyond. The amount of necessary reserves will vary greatly from Franchisee to Franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which will in turn depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other Franchised Businesses, public awareness of our business, your ability to operate efficiently and in conformance with the System, and competition. Because the exact amount of reserves will vary and cannot be meaningfully estimated, we urge you to carefully review these figures and the figures you obtain from your own inquiries with an experienced business advisor, such as an accountant or consultant, or a legal advisor, such as a lawyer, before making any decision to purchase a Blue Nose franchise or any other franchised business.

2. **Initial Franchise Fee.** The Franchise Fee shown in the chart above is uniform for all franchisees and the same for each Franchised Business opened, except in the case where certain discounts and promotions are offered. We may elect to occasionally offer a discounted franchise fee to qualified franchise owners. Basis for discounts include, but are not limited to, territory location, industry experience, and other factors which we may determine. The amount of your initial franchise fee is equal to $2,500 for a territory consisting of a population of 100,000 people. We provide certain financing for the Franchise Fee. Please see Item 10 for additional details. The estimate assumes you will pay the entire Franchise Fee upon execution of the Franchise Agreement. Your Initial Franchise Fee includes the aforementioned territory, the equipment and apparel in the Franchise Package (see Section 2 of the Franchise Agreement for details), a webpage on www.bluenoseaerial.com, and an email address. The Initial Franchise Fee is non-refundable.

3. **Licenses, Permits, and Certifications.** These are general estimates for permits and licensing that may be required by local and state governments. Local, municipal, county, and

state regulations vary on the licenses and permits you will need to operate a Franchised Business. You may be required to obtain a contractor's license. You will pay these fees to governmental authorities before starting business. You are solely responsible for obtaining all appropriate licenses and permits, most importantly the FAA Part 107 Certification (Section 5.2 of the Franchise Agreement). In addition, you will also form a corporation or other entity to operate the business. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the filing requirements that may apply to your new entity.

4. **Computer System.** As described in Item 11 under the heading "Computer System" you are required to use a computer system installed with the required software. If you do not have a computer, you will be required to purchase one.

5. **Accountant and Attorney Fees.** The estimate assumes that you will choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business.

6. **Insurance.** The estimate represents an initial deposit for the coverage necessary to operate the business. Insurance costs will vary depending upon factors such as the location of the Franchised Business and number of independent contractors or employees. Your obligations with respect to insurance are more fully described in Item 8.

7. **Additional Funds.** You may need additional capital to support on-going expenses to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months. Such amounts are the minimum recommended levels and are only estimates. There is no assurance that additional working capital will not be necessary during this start-up phase or after. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the products and services offered; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should consider the cash outlays and probable losses that you may incur while you are trying to get established. The disclosure laws require us to include this estimate of all costs and expenses to operate your franchise during the "initial period" of your business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for the Franchised Business industry, so our disclosures cover a three-month period.

ITEM 8

RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing.

Products and Other Purchases

General

All products and services sold or offered for sale at the Franchised Business must meet our then-current standards and specifications and be approved by us. You must purchase, install, and use all equipment, supplies, computers, and communications hardware and software and materials as we may reasonably require in the Manuals or other written materials (collectively, "**Business Items**"). You must purchase all additional products and other Business Items solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing. You may not purchase, offer, or sell any products or services, or use at your Franchised Business any Business Items, that we have not previously approved as meeting our standards and specifications. We have the right to be an approved supplier of some items, as does our affiliate. We may disapprove of products and suppliers based on our desire to consolidate System purchases through fewer suppliers. We may designate a single supplier, which may be us or one of our affiliates, for any products, equipment, supplies, or services, in which event you must purchase such items exclusively from the designated supplier. We ourselves are approved suppliers, as is our affiliate, however we are not the only approved supplier for goods and services.

Our specifications either: (i) are contained in the Manuals; or (ii) will be provided to you upon request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specifications and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason. We estimate that your purchases from approved suppliers will represent approximately 60% to 70% of your total purchases in establishing the Franchised Business, and approximately 60% to 70% in the continuing operation of the Franchised Business. We also estimate that your purchases that must conform to our specifications will represent approximately 60% to 70% of your total purchases in establishing the Franchised Business, and approximately 60% to 70% of your total purchases in the continuing operation of the Franchised Business.

We may establish strategic alliances, preferred vendor programs, supply contracts, or purchase arrangements with suppliers that are willing to supply some products, equipment, services, or other items to some or all of the Businesses in our System that will benefit us and our franchisees. If we do establish those types of alliances, programs, or arrangements, we may limit the number of approved

suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Businesses. There are currently no purchasing or distribution cooperatives in our System. There are currently no suppliers in which any officer of Blue Nose Franchising, LLC owns any interest.

We and/or our affiliates may receive payments, such as rebates, or other compensation from suppliers on account of the suppliers' dealings with us, you, or other Franchised Businesses in the System. If we do receive such payments from suppliers, we may use the amounts that we receive for any purpose that we deem appropriate. Currently, we do not have any arrangements for, or collect, any monies on account of our franchisees' dealings with suppliers, but we may in the future.

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, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. 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 Franchised Business. Required insurance will include, but not be limited to, comprehensive general liability coverage, worker's compensation coverage, invasion of privacy claims, and aerial drone insurance. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Franchised Businesses. If we do so, we may require that you obtain your insurance through the designated carrier(s). We currently recommend Skywatch Insurance as they provide coverage options particularly for drone pilots.

Presently, we require you to maintain the following minimum insurance amounts:

Skywatch Drone-Specific Policy		
Single limit bodily injury and property damage	$1,000,000	Per Occurrence
Medical expense	$500	Each Person
Personal Injury	$25,000	Each offense and in the aggregate
General Liability Insurance	$1,000,000/ $2,000,000	Occurrence/ Aggregate
Business Property	As needed	TBD

We do not derive revenue as a result of our franchisees purchasing insurance coverage from designated carriers. We provide no material benefits to franchisees (for example, renewal or granting additional franchises) based on their use of an approved insurance carrier.

Advertising

As noted in Item 11 below, we will have the right to review and approve all marketing plans and promotional materials that you propose to use. You may not implement any marketing plan or use any promotional material without our prior written consent.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	Not Applicable	Not Applicable
(b) Pre-opening purchases/leases	Not Applicable	Not Applicable
(c) Site development and other pre-opening requirements	Not Applicable	Not Applicable
(d) Initial and ongoing training	5	7 and 11
(e) Opening	5.1, 5.2, 8.1	11
(f) Fees	1.3, 2, 3, 6, 8.1, 8.11, 12.5, 14.3(d), 14.4, 15.2, 18.6, 19.3, 19.7	5 and 6
(g) Compliance with standards and policies/Operating Manual	7, 8.10, 9.1, 9.2, 12.2(f), 15.1	11
(h) Trademarks and proprietary information	7.3, 10.1, 10.2, 11.1, 17	13 and 14

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(i) Restrictions on products/services offered	8.3, 9.2	16
(j) Warranty and customer service requirements	9.2	11
(k) Territorial development and sales quotas	1.5, 1.6	9
(l) On-going product/service purchases	8.3	Not Applicable
(m) Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
(n) Insurance	8.7	7 and 8
(o) Advertising	6.2, 6.3, 8.2	6 and 11
(p) Indemnification	18.6	6
(q) Owner's participation / management and staffing	11.1, 23.2	11 and 15
(r) Records/reports	9.1, 15.1	6
(s) Inspections/audits	15.2	6 and 11
(t) Transfer	14	17
(u) Renewal	1.3	17
(v) Post-termination obligations	13	17
(w) Non-competition covenants	11.2	17
(x) Dispute resolution	19	17

ITEM 10

FINANCING

Except as described in this Item 10, we do not offer direct or indirect financing.

We may provide financing to qualified franchisees. Financing is negotiated on a case-by-case basis with franchisees based on their credit history, ability to pay, and other factors. Financing is limited to a portion of the Initial Fee.

If we do provide financing to you, and unless other factors determine otherwise, you will be required to pay us $1,000 of the Initial Fee upfront, and we will finance the remaining $1,500 of the Initial Fee as follows: you will pay us $1,000 upon signing the Franchise Agreement and the remaining $1,500 is due in full, with no interest, no later than 180 days after signing the Franchise Agreement. See Exhibit 4 in this Disclosure Document. You or, in the case of an entity, your principals must personally guarantee the debt. You may prepay the financing without penalty. You waive the homestead and any other available exemption, presentment, demand, protest, notice of dishonor and any other notice. If you default on amounts owed, we can accelerate the obligation to pay the entire amount due, seek our collection costs including attorney's fees from you, and terminate your franchise agreement. If we provide financing to you, you must submit monthly financial information to us, such as an income statement, balance sheet, and supporting documents as we periodically specify and in the formats we specify.

Except as described above, we do not offer financing that requires you to confess judgment or waive a defense. We do not arrange for financing from other sources. We do not sell, assign, or discount to a third party all or part of the financing arrangement. We do not guarantee any of your notes or obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Before you open your Franchised Business:

1. We will provide you with our standard initial training program for up to two persons. (Training is also discussed below in this Item 11 under the subheading "Training.") We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement. (Franchise Agreement Sections 5.1, 5.3, and 5.4)

2. We will provide you with the materials necessary to operate your Franchised Business, including a DJI Mavic 2 Pro drone, business cards, and logoed apparel. (Franchise Agreement Sections 2 and 8.6)

3. We will provide you with a separate webpage on www.bluenoseaerial.com, and an email address containing the @bluenoseaerial.com domain, all of which is to be used exclusively for your Franchised Business. (Franchise Agreement Section 6.4, 8.9, and 8.10)

4. We will review all advertising and promotional materials that you propose to use. (Franchise Agreement Section 8.2)

5. We will lend you, for the duration of the Franchise Agreement, copies of the Manual (which is more fully described in Item 14 below). (Franchise Agreement, Section 7.1)

6. We will be available at any time during regular business hours to render advice, discuss problems, and offer general guidance by telephone, email, or video conference with respect to planning and operating the Franchised Business. (Franchise Agreement Section 5.3)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

1. We may provide evaluations of the services rendered at the Franchised Business. (Franchise Agreement, Sections 5.3)

2. We will make available additional training programs as we deem appropriate. (Franchise Agreement, Section 5.4)

3. We will give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Business, as we deem advisable. (Franchise Agreement, Section 5.3)

4. We will have the right, in our sole discretion, to establish and administer the Advertising Contribution as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 6.2)

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business.

Opening of Franchised Business

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately one to six months. Unless we agree in writing otherwise, you must complete the necessary training and conduct the opening of your Franchised Business

within six months of signing the Franchise Agreement or we have the right to terminate the Franchise Agreement and provide you with no refund of the Franchise Fee.

Computer System

You will need to use the technology that we specify in the Manuals (the "**Computer System**"). You will need to acquire, if you do not already possess, the following: (i) a computer; (ii) a reliable internet connection; (iii) a cellphone with the ability to accept calls and text messages; (iv) an Adobe Lightroom subscription; (v) a Dropbox subscription; (vi) a Quickbooks subscription; and (vii) Microsoft office suite. Currently, you may use either a laptop or desktop computer with either the Windows or MacOS operating system. Our requirements may fluctuate as does the price and availability of new computer technology. Depending on your location and the services you provide as a franchisee, your computer must be able to handle a number of software subscriptions. The cost for all hardware and software is included in the estimated initial investment figures outlined in Item 7.

We may require you to purchase additional equipment depending on the size and configuration of your Franchised Business. You may be required to use other software applications on your Computer System as stated in the Manuals. You will be required to maintain a high-speed internet connection at all times. Other than the Computer System, we have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future.

The hardware and software that we currently use is not proprietary to us, but is proprietary property to the vendors described above. We reserve the right to require you to maintain contracts for hardware and software maintenance, support, and upgrade services for the Computer System; however, currently we do not require such coverage. We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the System to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, and communications systems into conformity with our then-current standards for new Franchised Businesses. In connection with a proprietary program, we or our approved vendors may require you to sign a license or maintenance agreement in order to obtain and use the proprietary program. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software, or related services. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System.

You must provide us with access to your Computer System in the form and manner that we may request from time to time. We reserve the right to download sales, other data, and communications from your Computer System. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from

your Computer System, and otherwise collected from your Computer System. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

Franchise Package

We will provide you with the following equipment and apparel as part of the Initial Franchise Fee ("Franchise Package"): a DJI Mavic 2 Pro drone, business cards, logoed apparel, and other supplies as stated in Exhibit B of the Franchise Agreement.

We will also have the right to establish a website, webpage(s), or other electronic system providing private and secure communications between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the internet in the manner we designate.

We will also have the right, but not the obligation, to establish one or more webpage(s) to describe your Franchised Business, with such webpage(s) to be located within our website or on a separate website and domain for your Franchised Business. You must comply with our policies with respect to the creation, maintenance, and content of any such webpages. We have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage.

We will also have the right, but not the obligation, to provide you with one email account using the "bluenoseaerial.com" domain. The use of this email account is limited strictly to correspondence related to your Franchised Business and may not be utilized for personal use. We reserve the right to monitor, collect, and control the correspondence contained within your email account. We will provide you with instructions on setting up your email account as well as guidance on using the web-based email interface. We reserve the right to restrict access to your email account in the event of misuse of the account.

Phone

We require you to have a telephone that can be accessible to correspond with Franchisor and clients of Franchised Business. As of the date of this Disclosure Document, we do not require Franchisees to utilize a specific cellular phone or operating system, although we reserve the right to do so.

Advertising and Promotion

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, you are required to contribute 2% of your Gross Sales to our advertising fund on a monthly basis (the "**Advertising Contribution**"). You must pay the Advertising Contribution by the same method as your Royalty Fee. Our affiliate-owned Blue Nose will not contribute to the Advertising Contribution on the same basis as Franchisees in the System are generally required to contribute.

As of the date of this Disclosure Document, we have not yet established the Advertising Contribution. When the Advertising Contribution is implemented, we expect that we will typically disseminate advertising in print or online formats including search engine optimization services, print brochures and flyers, online directories, and other forms of local media advertising.

We will maintain and administer the Advertising Contribution as follows:

(a) We (or our designee) will direct all advertising programs with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The Advertising Contribution is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Contribution.

(b) The Advertising Contribution, and all contributions to and earnings from the Advertising Contribution, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System. This includes, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; developing and maintaining our website (except for the portion, if any, specifically relating to soliciting franchisees); employing advertising or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Franchised Businesses operated under the System.

(c) You must contribute to the Advertising Contribution by the method we designate, such as credit card, bank account transfer, or other electronic fund transfer at the same time as the Royalty Fee is due. All sums you pay to the Advertising Contribution will be maintained in an account separate from our other monies. The Advertising Contribution is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the Advertising Contribution. We will have the right to charge the Advertising Contribution for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Advertising Contribution and advertising programs for you and the System (for example, salaries, costs of our personnel for creating and implementing advertising materials, associated overhead, advertising, merchandising, and promotional and marketing programs). The Advertising Contribution and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises.

(d) We may make available to franchisees, from time to time, marketing plans and promotional materials, including newspaper ads, coupons, merchandising materials,

sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the Advertising Contribution. Additionally, we may sell such items to franchisees in the System at a reasonable price, and any proceeds from any of those sales will be contributed to the Advertising Contribution.

(e) If all of the money in the Advertising Contribution is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the Advertising Contribution is intended to be of perpetual duration, we maintain the right to terminate the Advertising Contribution. The Advertising Contribution will not be terminated, however, until all monies in the Advertising Contribution have been spent for advertising or promotional purposes.

Local Advertising and Promotion

We recommend that you spend a minimum of $150 per month on local advertising. See Item 6 for a summary of the total amount we can require you to expend on advertising and promotion.

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials. We must give our approval within 10 business days. If we do not give our approval within 10 business days, we will have been deemed not to have approved the plans or materials.

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision.

As used in the Franchise Agreement, the term "local advertising and promotion" refers to only the costs of purchasing and producing advertising materials (such as camera-ready advertising), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Advertising and sales promotion" does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

Websites

Websites are considered "advertising" under the Franchise Agreement and are subject to our review and prior written approval before they may be made publicly available. In connection with any website, the Franchise Agreement provides that you may not establish a website—nor may you offer,

promote, or sell any products or services or make any use of the Proprietary Marks—through the internet without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate including, among other things, a requirement that your only presence on the internet will be through one or more webpages that we establish on our website.

Training

Before your Franchised Business opens, you must complete all of our initial training requirements. Your Designated Principal must attend and successfully complete, to our satisfaction, the initial training program that we offer virtually. See Item 15 for details regarding our requirements for the management and operation of the Franchised Business. Additionally, we may also require that other persons, up to a total of two individuals including the Designated Principal, attend and successfully complete the online initial training program. We will bear the cost of all training including instruction and required materials for the initial training program; however if any further training is required after the initial training, you may be required to pay us an additional training fee of $500 per day.

Though we require our franchisees to be owner-operators of the Franchised Businesses, you may hire a manager to assist in running your Franchised Business. Your manager must successfully complete the training before he or she can begin working in the Franchised Business. You may conduct this training yourself. If your manager ceases active employment in the Franchised Business, then you must enroll a qualified replacement. The replacement manager shall complete the training program as soon as is practicable, but in no event later than any time periods we specify from time to time in the Manuals and otherwise in writing. We have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

We provide you all training programs that cover material aspects of the operation of the Franchised Business. The topics covered are listed in the chart below. The instructional material may consist of our Manuals, lectures, videotapes, checklists, demonstrations, practice, and quizzes.

Our founder currently oversees the trainings. Item 2 contains his experience. Other Blue Nose managers may participate in the training. Also, we may periodically name additional or substituted trainers.

In addition to the training provided by our Founder, all franchisees, managers, and any employees who are expected to operate a drone must obtain an FAA Part 107 certification, which will allow you to act as a drone pilot. This certification is required before operating any Franchised Business and will be obtained on the Franchisee's own expense as discussed in Section 5.2 of the Franchise Agreement.

TRAINING PROGRAM

Subject	Hours of Online Training	Location
Introduction to Drones	1-2	Virtually
Marketing and Advertising	0.5-1	Virtually
Commercial Operations and Pricing	0.5-1	Virtually
Helpful Apps	4-5	Virtually
Health & Safety	0.5-1	Virtually
Basics of Photography	1-2	Virtually
Processing Photographs and Adobe Lightroom	3-4	Virtually
Totals	**10.5-16 Hours**	

Explanatory Notes to Item 11 Table:

1. **FAA PART 107 Certification.** The FAA PART 107 Certification must be obtained at the expense of the franchisee. This certification is required in order to operate the Franchised Business and can be found at https://www.faa.gov/uas/commercial_operators/.

The length of your in-person training will largely depend on your comprehension of the material covered during your virtual training. We will not be responsible for training or offering guidance with respect to compliance with any laws, ordinance, or other legal matters. If you request additional or supplemental training at a later time, you will be responsible for any traveling and living expenses incurred if on-site training is required. We offer unlimited phone support during normal business hours for all of our franchisees for any additional questions.

Manuals

You will be required to comply with all of the specifications, procedures, and standards set out in our Manuals. Any updates to our Manual will be available free of charge to replace outdated contents. The table of contents to our Manuals is contained in Exhibit 8.

ITEM 12

TERRITORY

You will be granted a specific territory (the "**Exclusive Territory**") in which to operate your franchise. Your Exclusive Territory will be defined as a specific geographic area defined by a map that we will mutually agree upon. The area of your Exclusive Territory will be represented by a population of 100,000 people. The boundaries of your territory may include natural boundaries such as waterways, interstate highways, paved roads, or other points of demarcation.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Franchised Business in the Exclusive Territory, except as may be permitted under the Franchise Agreement; those exceptions are described below. You will be granted an exclusive territory that is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Franchise Agreement.

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Business, you must submit to us in writing the materials required in order to consider your request, including information concerning the proposed new Territory for the Franchised Business. You must also meet certain other requirements including, but not limited to, being in compliance with the Franchise Agreement, the Territory meets our then-current requirements for a Franchised Business, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement.

You may provide our services to customers who live in your Exclusive Territory. You may offer services outside your Exclusive Territory if, and only if, the area has not been assigned to another Franchised Business and you receive written permission from us. We may revoke this permission at any time at our sole discretion. Upon revocation, you must immediately cease business operations in any area outside of your Exclusive Territory. If you conduct business outside of your Exclusive Territory, you shall transfer the client lists, accounts, customers, and other business operations we designate, and to whom we designate, upon a revocation.

If you are doing business outside your Exclusive Territory and the area in which you are doing business is sold to another Blue Nose franchisee, you must cease selling our services to clients within this area and surrender your client list related to this area to the new franchisee. In the alternative, you may purchase additional territories from us at the rate of $2,000 per 100,000 persons. We do not grant first rights of refusal to franchisees for additional territories.

You may not engage in any promotional activities, whether directly or indirectly, through or on the internet or electronic media specifically targeting persons outside of your Exclusive Territory unless you have obtained our consent. You may not engage in any promotional activities, whether directly or indirectly through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere outside of your Exclusive Territory unless you have obtained our consent. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers within the territory of another

Franchised Business or outside of your designated Exclusive Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

Although we have not yet done so, we and our affiliate(s) may sell products under the Proprietary Marks within and outside your Exclusive Territory through any method of distribution other than a Franchised Business, including sales through such channels of distribution as the internet, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Exclusive Territory and you will not receive any compensation for our sales through alternative distribution channels. We are under no obligation to pay the franchisee for soliciting or accepting orders from inside the franchisee's territory. We have not yet established other franchises or company-owned or affiliate-owned outlets or alternative distribution channels selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future without first obtaining your consent. Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses that sell the Business Items or services under a different trade name or trademark, but we reserve the right to do so in the future without first obtaining your consent.

There are no minimum sales volumes that you must meet in order to maintain your Exclusive Territory.

ITEM 13

TRADEMARKS

You will receive the right to operate your business under the name "Blue Nose," which is the primary Proprietary Mark used to identify our system per the limitations set forth in the Franchise Agreement. You may also use any other current or future Proprietary Marks to operate your franchised business that we designate, including the logo on the front of this Disclosure Document and the trademark listed below. By "**Proprietary Mark(s)**," we mean any trade name, trademark, service mark, or logo used to identify your business. Our registration of the following Proprietary Mark in the U.S. Patent and Trademark Office ("USPTO") is currently pending.

Proprietary Mark	Serial Number	Filing Date	Registration Number	Registration Date
"Blue Nose"	88912521	May 12, 2020	Pending	Pending

We intend to file all necessary affidavits of use and renewal applications when they become due.

The federal registration for our principal trademark is currently pending. At the moment, our trademark does not have any legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Proprietary Marks other than the right to use them in the operation of your Franchised Business. You must follow any rules we establish with relation to the Proprietary Marks. You must use the Proprietary Marks as the sole trade identification of the franchised business. You cannot use any Proprietary Mark or portion of any Proprietary Mark as part of any business entity name. You may not use any Proprietary Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Proprietary Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Proprietary Marks. You must not contest the validity or ownership of the Proprietary Marks, including any Proprietary Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Proprietary Marks.

You must notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge in our ownership of, right to use and to license others to use, or your rights to use the Proprietary Marks. You shall not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so. However, you may communicate with your own counsel at your own expense. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against others that may infringe the Proprietary Marks. We will defend you against any third-party claim, writ, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

We reserve the right to substitute different Proprietary Marks for use in identifying the system and the business operating under it if we, in our sole discretion, determine that substitution of different Proprietary Marks as Proprietary Marks will be beneficial to the System. You must comply with such

change, revision, or substitution and bear all expenses associated with them. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Proprietary Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Proprietary Marks or a trademark or service mark that is confusingly similar to any of our Proprietary Marks.

You may not advertise—or establish, create, or operate an internet site or website using any domain name containing—on the internet using the words "Blue Nose" or any variation thereof without our prior written consent.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Blue Nose does not own rights in any patents that are material to the franchise. You do not receive the right to use an item covered by a federally registered patent or copyright, but you must use the proprietary information contained in our Manuals. The Manuals and the specifics on your use of the Manuals are described in the Franchise Agreement. Although we haven't filed an application for copyright registration, we claim copyright protection for the Manuals, software, advertising materials, and other materials we give you for your use or for public dissemination, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning operating procedures. All of this is our proprietary intellectual property. As long as you comply with the Franchise Agreement, you will be able to use all items claimed under copyright protection. Currently, we have no pending patent applications that are material to the franchise.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in operating a Franchised Business. We will provide our trade secrets and other confidential information to you during training, in the Manuals, and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members (if you are a corporation, limited liability company, or other business entity),

and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in some form as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques, or materials concerning the franchised business and the system, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the system that we may choose to adopt or disclose to other franchisees, and you agree to assign to us all right, title, and interest in any intellectual property so developed without additional compensation to you. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manuals, trade secrets, or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If the Designated Principal fails to satisfactorily complete our initial training program, you must designate a replacement designated principal as soon as is practical, who is acceptable to us and who satisfactorily completes our training program. We may require you to reimburse our training costs (see Items 6 and 11).

Under the Franchise Agreement, you (or, if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Franchised Business.

The Designated Principal must have at least 51% equity interest in the franchise if the franchisee is a business entity.

Under the Franchise Agreement, if you are other than an individual, we may require that your owners personally sign a guaranty, indemnification, and acknowledgement (in the form included as Exhibit D to the Franchise Agreement), guarantying and acknowledging the legal entity's covenants and obligations under the Franchise Agreement. Additionally, your employees with access to confidential information or who have received training may be required to sign agreements to maintain confidentiality and not compete with businesses under the System (our current form for this agreement is included in Exhibit E to the Franchise Agreement). See Items 14 and 17 for a further description of these obligations.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Franchised Business in accordance with our Manuals, which contain mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for the operation of a Franchised Business and information relating to your other obligations under the Franchise Agreement and related agreements. The Manuals may be modified periodically by us to reflect changes in our methods of operation.

You may only offer and sell those services and products that we have approved. If you wish to offer and sell products and services we do not provide, you must submit to us a written request stating why you wish to offer and sell these goods and services as a franchisee of a Franchised Business. You must offer all services and products that we designate as required for all franchisees. We have the right to add additional authorized services and products that you must offer through your franchise. There are no limits on our right to do so.

Subject to the general policies and procedures set forth in the Manuals or otherwise announced by us from time to time (and specifically including periodic promotions announced from time to time), you have sole discretion as to the prices to be charged to customers for the offer and sale of any products, merchandise, and services.

We do not place restrictions on you with respect to who may be a customer of your Franchised Business.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Franchise Agreement	Summary
(a) Length of the franchise term	Section 1.3	5 years.
(b) Renewal or extension of the term	Section 1.3	Successive renewal terms of 5 years.

Provision	Section(s) in Franchise Agreement	Summary
(c) Requirements for franchisee to renew or extend	Section 1.3	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, pay renewal fee, and others. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and different territorial rights. You must also complete any new training and refresher programs as we may reasonably require at no additional cost.
(d) Termination by franchisee	Section 12.5	You may terminate this agreement provided you submit a written request with six months' notice and are in good standing and full compliance with this Agreement at the time of your request to terminate.
(e) Termination by franchisor without cause	None	We may not terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	Sections 12.1 and 12.2	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see Section 16 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing.
(g) "Cause" defined – defaults which can be cured	Section 12.2	All other defaults not specified in Section 12 of the Franchise Agreement
(h) "Cause" defined – non-curable defaults	Section 12.1	Bankruptcy, abandonment, conviction of felony, and others. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)

Provision	Section(s) in Franchise Agreement	Summary
(i) Franchisee's obligations on termination/non-renewal	Section 13	Cease operating the Franchised Business, payment of amounts due, and others.
(j) Assignment of contract by franchisor	Section 14.2	There are no limits on our right to assign the Franchise Agreement.
(k) "Transfer" by franchisee - defined	Section 14.1	Includes transfer of any interest.
(l) Franchisor approval of transfer by franchisee	Section 14.3	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee. We also have the right of first refusal to purchase the franchise from you.
(m) Conditions for franchisor approval of transfer	Section 14.3	Release, signature of new Franchise Agreement, payment of transfer fee, and others.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 14.3(f)	We can match any *bona fide* offer.
(o) Franchisor's option to purchase franchisee's business	None	We do not reserve any rights to purchase the Franchised Busines.
(p) Death or disability of franchisee	Section 16	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within 180 days of your incapacity or death.
(q) Non-competition covenants during the term of the franchise	Section 11.2	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others.
(r) Non-competition covenants after the franchise is terminated or expires	Section 11.2	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others.
(s) Modification of the agreement	Section 23.8	Must be in writing signed by both parties.
(t) Integration/merger clause	Section 20.6	Only the final written terms of the Franchise Agreement are binding.

Provision	Section(s) in Franchise Agreement	Summary
(u) Dispute resolution by mediation or arbitration	Sections 19.2 and 19.4	Except for certain claims, we and you must first mediate, and then arbitrate, all disputes in a city closest to where our headquarters are located at the time of the dispute.
(v) Choice of forum	Section 20.2	All mediation, arbitration and litigation proceedings must be conducted in the city of our then-current headquarters (currently in Denver, Colorado).
(w) Choice of law	Section 20.1	Applicable law is that of the State of Colorado, unless superseded by state laws.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

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 Mr. Tanner Harris at 2548 Akron Street, Denver, Colorado, 80238 or (703) 615-7196, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary
For years 2017, 2018, and 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Company-Owned or Affiliate-Owned	2017	0	0	0
	2018	0	0	0
	2019	0	1	+1
Total Outlets	2017	0	0	0
	2018	0	0	0
	2019	0	1	+1

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2017, 2018, and 2019

State	Year	Number of Transfers
None	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

Status of Franchised Outlets
For years 2017, 2018, 2019

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
None	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Totals	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

Status of Company-Owned or Affiliate-Owned Outlets
For years 2017, 2018, 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
Totals	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1

Projected Openings as of December 31, 2020

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
California	0	2	0
Georgia	0	2	0
Virginia	0	2	0
Total	0	6	0

All numbers are as of December 31st for each year.

We did not begin offering franchises until the date of this Disclosure Document (August 10, 2020) and, as a result, there are not yet any signed franchise agreements.

A list of the names of all franchisees and the addresses and telephones numbers of their units will be provided in Exhibit 5 to this Disclosure Document when applicable.

The name, city, state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit 6 of this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees that would restrict them from speaking openly with you about their experience with us. As indicated above, we did not begin offering franchises until the date of this Disclosure Document (August 10, 2020) and, as a result, there are not yet any signed franchise agreements.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit 7 is our unaudited opening balance sheet as of August 10, 2020. We have not been in business for three years or more and cannot include all financial statements required of this item.

Our fiscal year end is December 31.

ITEM 22

CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit 3—Franchise Agreement, including the following agreements:

- Exhibit A—Exclusive Territory, Initial Franchising Fee, Royalty Fee, and Advertising Contribution
- Exhibit B—Franchise Package
- Exhibit C—Promissory Note
- Exhibit D—Personal Guarantee

- Exhibit E—Franchisee Disclosure Acknowledgment Statement

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT 1

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA California Commissioner of Corporations Department of Corporations 320 West 4th Street, Suite 750 Los Angeles, CA 90013	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813	**ILLINOIS** Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA Indiana Secretary of State Indiana Securities Division 201 State House 200 West Washington Street Indianapolis, IN 46204	**MARYLAND** Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020
MICHIGAN Michigan Department of Commerce Corporations and Securities Bureau G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933	**MINNESOTA** Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198

NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006	**NORTH CAROLINA** Department of the Secretary of State 300 North Salisbury Street Raleigh, North Carolina, 27603
NEW YORK New York Secretary of State 41 State Street Albany, NY 12231	**NORTH DAKOTA** Office of Securities Commissioner North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505
OREGON Director Department of Consumer and Business Services Division of Finance and Securities Labor and Industries Building Salem, Oregon 97310	**RHODE ISLAND** Director of Rhode Island Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, Rhode Island 02920
SOUTH DAKOTA Director Department of Labor and Regulation Division of Insurance Securities Regulation 124 Euclid, Suite 104 Pierre, South Dakota 57501	**TEXAS** Secretary of State P.O. Box 12887 Austin, Texas 78711
VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219	**WASHINGTON** Director Department of Financial Institutions Securities Division 150 Israel Rd. S.W. Tumwater, Washington 98501

WISCONSIN Wisconsin Securities Commission 201 West Washington Ave, Suite 300 Madison, Wisconsin 53703	

EXHIBIT 2

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR BLUE NOSE FRANCHISING, LLC

The following modifications are made to the Blue Nose Franchising, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means Colorado. When the term "**Supplemental Agreements**" is used, it means any other agreement signed by the Franchisor and Franchisee in relation to the purchase of the Franchised Business.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement, or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

As the franchisee, you must comply with any requirements set forth in the California Business and Professions Code as it applies to your business.

The Franchise Agreement contains and, if applicable, the Supplemental Agreements require the parties to resolve their disputes through non-binding mediation, arbitration, and, if necessary, litigation. The mediation, arbitration, and litigation will be conducted at a venue close to the Franchisor's headquarters, and you must reimburse us our costs if we prevail in any litigation proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section

20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State and a forum of the location where Franchisor's headquarters are located. These provisions may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains and, if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

The following Risk Factors are hereby added to the State Cover Page:

6. WE HAVE NOT RESEARCHED THE SPECIFIC STATE LAWS OF CALIFORNIA APPLICABLE TO THE ESTABLISHMENT AND OPERATION OF A BLUE NOSE FRANCHISING OR SWAY FRANCHISED BUSINESS TO DETERMINE WHETHER ANY OF THE PRODUCTS OR

SERVICES OFFERED BY A BLUE NOSE FRANCHISING OR SWAY FRANCHISE ARE NOT PERMITTED BY STATE LAW.

7. THERE IS A ROYALTY FEE AMOUNTING TO SIX PERCENT (4%) OF THE GROSS SALES OF YOUR FRANCHISED BUSINESS THAT IS COLLECTED ON THE FIRST BUSINESS DAY OF EACH MONTH (BASED ON THE SALES OF THE FRANCHISED BUSINESS DURING THE PRECEDING BUSINESS MONTH).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Fee Deferral

We will defer the collection of initial franchise fees until we have performed our pre-opening obligations and the franchise is open for business.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs

Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are:
None

3. States which have revoked or suspended the right to offer the Franchises are:
None

4. States in which the proposed registration of these Franchises has been withdrawn are:
None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement, and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

For choice of law purposes, and for the interpretation and construction of the Franchise Agreement and Supplemental Agreements, Illinois law governs.

> Although the Franchise Agreement and Development Agreement require litigation to be instituted in a court in Colorado (or other state where Franchisor's headquarters are located), all litigation must be instituted in a court of competent jurisdiction located in the State of Illinois, subject to the mediation provision of the Franchise Agreement and Development Agreement.

Fee Deferral

Notwithstanding anything contained in the Franchise Agreement or Supplemental Agreements to the contrary, you do not have to pay us the Initial Franchise Fee until we perform our pre-opening obligations under the Franchise Agreement and your first Franchised Business is open. Once we complete this obligation and you are open, you must immediately pay us all initial fees we deferred.

INDIANA

Neither Blue Nose Franchising, LLC, its affiliates, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

Item 8 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two years within the Exclusive Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as

including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

   No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Blue Nose Franchising, LLC, 2548 Akron Street, Denver, Colorado, 80238 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement and Development Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement and Development Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Fee Deferral

Based upon our financial condition, the Maryland Securities Commissioner requires financial assurances. In this regard, we have agreed to defer collecting franchise fees and other initial payments payable by you to us until we complete our pre-opening obligations under the Franchise Agreement. Once we complete our pre-opening obligations, you must immediately pay us all initial fees we deferred.

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This Section applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise

670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you

to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

   No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

All references to "Disclosure Document" shall be deemed to include the term "Disclosure Document" as used under New York law.

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8236. 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.

The following is added at the end of Item 3:

Except as provided above, with regard to 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 ten-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 injunction 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.

The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

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.

The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for Franchisee to renew or extend," and Item 17(m), entitled "Conditions for Franchisor approval of transfer:"

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of

the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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.

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.

The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of Forum," and Item 17(w), titled "Choice of Law:"

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09

of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19- 09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 14 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials: _____ Date: _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Blue Nose Franchising, LLC, 2548 Akron Street, Denver, Colorado, 80238 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Blue Nose Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following Risk Factor is hereby added to the State Cover Page to the FDD:

With respect to disclosures in Item 6 of the Disclosure Document regarding a franchisee securing funds by selling securities in the franchise, be advised that any securities offered or sold by an Investor Franchisee as part of its Blue Nose Franchising, LLC Franchise must be either registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

Item 17(h). The following is added to Item 17(h):

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Blue Nose Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor, including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

The State of Washington's Non-Compete Act, HB 1450 (effective January 1, 2020) may supersede the Franchise Disclosure Document, Franchise Agreement and Supplemental Agreements in your relationship with the franchisor as it pertains to your covenant not to compete.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

[*Signatures on following page.*]

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

□ California	□ Michigan	□ Rhode Island
□ Hawaii	□ Minnesota	□ South Dakota
□ Illinois	□ New York	□ Virginia
□ Iowa	□ North Dakota	□ Washington
□ Indiana	□ Ohio	□ Wisconsin
□ Maryland		

Dated:_____, 20____

FRANCHISOR:

BLUE NOSE FRANCHISING, LLC

By:_____

Title: _____

FRANCHISEE:

_____

_____

By:_____

Title: _____

Rev. 050918

EXHIBIT 3

FRANCHISE AGREEMENT

BLUE NOSE
AERIAL IMAGING

FRANCHISE AGREEMENT

BLUE NOSE FRANCHISING
FRANCHISE AGREEMENT

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BLUE NOSE FRANCHISE AGREEMENT

This Franchise Agreement (including all schedules, exhibits, and amendments, this "**Agreement**") is made and entered into between:

- Blue Nose Franchising, LLC, a Colorado limited liability company (referred to in this Agreement as "**Franchisor**," "**we**," "**us**," or "**our**") and
- _____, a _____ (referred to in this Agreement as "**Franchisee**," "**you**," or "**your**").

Preamble and Acknowledgements

1. We, the Franchisor of Blue Nose, have expended considerable time and effort in developing a franchise that provides aerial drone photography and videography services using a unique proprietary service system under the name "Blue Nose" (the "**System**").

2. The System is identified by certain emblems, designs, artwork, trade names, service marks, logos, trade dress, and trademarks, including the mark "Blue Nose" and "Blue Nose Aerial Imaging" and other marks that we may use in connection with the System (the "**Marks**"). The franchises operate under our Marks and under distinctive business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve or further develop from time to time.

3. We grant franchises to persons who meet our qualifications and who are willing to undertake the investment and effort required to own and operate a Blue Nose business offering the services and products we authorize and approve, each called a "**Franchised Business**."

4. You understand and acknowledge the importance of our high and uniform standards of quality, operations, and service, and the necessity of operating the Franchised Business in strict conformity with our System.

5. You represent to us, as an inducement to your entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of a Franchised Business are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing a Franchised Business in reliance upon all of your representations.

6. You acknowledge that you have read this Agreement and the Franchise Disclosure Document and that you understand and accept the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service at all Blue Nose franchised locations and in order to protect and preserve the goodwill of the Marks.

Accordingly, the parties agree as follows:

1. Franchise

1.1. Grant. We grant to you, subject to the terms and conditions of this Agreement, the right to: (i) operate a Blue Nose Business; (ii) use, solely in connection with your operation of the Franchised Business, the Marks and the System, as such may be changed, improved, and further developed by us from time to time; and (iii) operate the Franchised Business only within the Exclusive Territory (as defined in Section 1.5) in accordance with this Agreement. You shall not relocate the Franchised Business without our prior written consent as provided in Section 14.

1.2. Effective Date. This Agreement is effective on the date that the last party executes and delivers this Agreement as indicated by the date stated under that party's signature line ("**Effective Date**").

1.3. Term and Renewal. The initial term (the "**Term**") of this Agreement shall be for a period of five years, commencing on the Effective Date of the Agreement. This Agreement is renewable for successive periods of five years as long as you have complied in all material respects with the provisions of this Agreement during the Term, including the timely payment of all fees, and you are not in default under any other agreement between you and us or any of our affiliates. To renew you must sign the then-current franchise agreement used for franchisees at that time, sign a general release, and pay the renewal fee equal to 25% of the then-current initial franchise fee. This renewal fee must be paid to us prior to consummation of renewal. Also, you (or a manager of yours approved by us) must satisfactorily complete any new training and refresher programs as we may reasonably require at no additional cost.

1.4. Designated Principal. You will grant to one individual the authority to legally bind you in any dealings with us and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business. This individual, the "**Designated Principal**," shall maintain management control of the Franchised Business at all time during this Agreement and shall own and control not less than 51% of the equity and voting power of all issued and outstanding capital stock of the Franchised Business.

1.5. Exclusivity. The franchise is granted for a territory as set forth in Exhibit A (the "**Exclusive Territory**"). We shall not, during the term of this Agreement, so long as you are not in default of this Agreement or under any other agreement between us, operate ourselves or grant to any other person a Blue Nose franchise within the Exclusive Territory nor shall we modify the Exclusive Territory without your prior written permission. You may perform services at any location that is situated outside of your Exclusive Territory with our written permission. Permission will not be unreasonably withheld. If we grant you permission, you must pay the Royalty Fee for services performed outside of your Exclusive Territory according to Section 6.1.

We may revoke this permission at any time at our sole discretion. Upon revocation, you must immediately cease business operations in any area outside of your Exclusive Territory. If you conduct business outside of your Exclusive Territory, you shall transfer the client lists, accounts, customers, and other business operations we designate, and to whom we designate, upon a revocation.

1.6. **Expanding Your Exclusive Territory.** We may grant you the right, in our sole discretion, to expand your Exclusive Territory by paying us $2,000 for an additional 100,000 persons. If you are granted the right to expand your territory, all of the terms in Sections 1.5 and 1.7 apply to the new Exclusive Territory.

1.7. **Rights We Retain.** We may establish other Blue Nose businesses (franchised or owned by us) anywhere outside of your Territory. We retain the right, on behalf of ourselves or through affiliates, in our discretion, and without granting any rights to you, to:

(a) solicit prospective franchisees and grant franchises or other rights to operate Blue Nose businesses through national or regional advertising, trade shows, or conventions or through e-commerce or similar means (franchises will not be granted to operate within your Exclusive Territory);

(b) modify any one or more of the services offered by the Franchised Business or to add new goods or services to the offerings of the Franchised Business. We will give you as much notice as possible if we decide to discontinue any service. We are not required to purchase or exchange any of your inventory except in accordance with Section 8.6;

(c) sell and provide any products authorized for sale by Blue Nose businesses under the Marks or other trade names, trademarks, service marks, and commercial symbols through dissimilar channels (such as telephone, mail order, kiosk, co-branded sites, and sites located within other retail businesses, online, on web sites, wireless, email, or other forms of e-commerce) for distribution within and outside of your Exclusive Territory and pursuant to such terms and conditions as we consider appropriate; and

(d) conduct or assign any Blue Nose business within your Exclusive Territory that you refuse to perform, you are unable to perform or while you are in default of your Franchise Agreement.

2. **Payment for Franchise.** Upon executing this Agreement, you shall pay us an initial franchise fee (the "Initial Franchise Fee") stated in Exhibit A. You will pay the full Initial Franchise Fee by: (i) certified or cashier's check; (ii) wire transfer; or (iii) such other method of payment mutually agreed upon by both of us. Payments by check must be made payable to Blue Nose Franchising, LLC. The Initial Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you under this Agreement and for costs incurred by us—including general sales and marketing expenses, training, legal, and accounting and other professional fees—in preparation to offer the franchise to you. The Initial Franchise Fee also covers our costs in providing you with an initial allocation of supplies and inventory, including one DJI Mavic 2 Pro drone, business cards, apparel, and other supplies stated in Exhibit B, (the "Franchise Package"). The Initial Franchise Fee is not refundable.

3. **Financing of Initial Fee.** The Initial Franchise Fee must be paid in full upon the execution of this Agreement. In the alternative, in our sole discretion, we may finance the Initial Franchise Fee by allowing you to make a down-payment of $1,000 and signing a promissory note for the remaining $1,500 in favor of us in the form of Exhibit C.

4. **Shipments.** We will endeavor to deliver the Franchise Package in a timely manner, within a maximum of 30 days, from the Effective Date of this Agreement.

5. **Training**

5.1. **Initial Training.** Within 30 days of the Effective Date, we will train you and up to 2 additional people through online video conferencing. Training will be held over the course of 1-2 days and will last approximately 20 hours total. Training must be completed within 180 days of the date of this Agreement. Any person attending training is required to execute our then-current confidentiality agreement if they are not a party to this Agreement. You must attend and successfully complete the initial training program that we provide to franchisees (the **"Initial Training**"). We may extend the Initial Training for you if you fail to successfully complete the program. You may not open your business until you have completed training. Blue Nose training is included in your Franchise Fee, but you must pay travel and living expenses if additional in-person training is required.

5.2. **Remote Pilot Certificate.** You will need to obtain a Remote Pilot Certificate from the FAA (an FAA PART 107 Certification), which will allow you to act as a drone pilot. This certification will be earned at your own expense on your own time and is required before you can open the Franchised Business.

5.3. **Ongoing Training.** We offer our franchisees unlimited phone support available during normal business hours. Each week for the 90 days after you begin operating your Franchised Business, you should telephone the corporate office so we can discuss any operational problems and offer you solutions. We will hold mandatory

conference calls, either telephonically or electronically, to discuss sales techniques, bookkeeping, performance standards, advertising programs and other topics we feel may be appropriate. Franchisee, or their designee, must attend all conference calls live. These calls cover important information including but not limited to changes in system standards, which are crucial to remaining in compliance. From time to time we may host in-person conferences, and franchisees are encouraged to attend.

5.4. Additional Training. If you are unable to successfully complete our training program, or if you hire additional personnel who require training and you are unable to train those individuals to our satisfaction, then we may provide additional training to you or your personnel, as the case may be, for an additional fee of $500 per day. This fee will not be charged in connection with minor, day-to-day assistance that we provide over the phone or via email.

6. Ongoing Fees

6.1. Royalty Fee. You agree to pay us a Royalty Fee, as shown on Exhibit A, which is based on Gross Sales for the month. Gross Sales means the gross receipts of every kind and nature for sales of all products and services made in, upon, from, or through operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for products, services, exchange, credit, cash, or check regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement. Gross Sales shall not include the amount of refunds, tax collections, or allowances or discounts to customers, including discounts attributable to coupon sales. This Royalty Fee begins upon the completion of training and continues through the Term of this Agreement.

6.2. Advertising Contribution. You agree to pay to us an advertising contribution equal to 2% of your Gross Sales (the "**Advertising Contribution**"). The Advertising Contribution will go into a separate account and be used for regional or national advertising programs for the benefit of Blue Nose businesses as we see fit. Your advertising contribution begins 30 days after completion of training and continues through the Term of this Agreement.

6.3. Local Advertising. We recommend you spend a minimum of $150.00, or an amount that is best suited for the Franchised Business, every month on approved local paid advertising within your Exclusive Territory.

6.4. Technology Fee. You agree to pay to us $150 per month in exchange for advertising your Franchised Business on our website, an email address with the "blusenosearial.com" domain, and access to our online franchisee software platform (the "**Technology Fee**").

6.5. **Fees Due.** Royalty Fees, the Advertising Contribution, and the Technology Fee are due on or before the first business day of the calendar month, based on the preceding month's Gross Sales. You agree to provide authorization for your bank account, credit card, or other payment type as specified in the Manuals to be automatically charged by us for your monthly Royalty Fee, Advertising Contribution, and Technology Fee should you fail to submit payment by the first business day of the month.

7. Manuals

7.1. **Loan of Manuals**. We will provide you, on loan, copies of the confidential operations manuals and other manuals, instructional materials, and written policies (collectively, the "**Manuals**"). The initial copies of the Manuals will arrive in a binder with updated versions of the Manuals in a shared online cloud-based account; Franchisee agrees to update Manuals with the most recent versions of instructions and policies on a regular basis.

7.2. **The Manuals and Furnishings to Franchisee**. In order to protect the reputation and our goodwill and to maintain high standards of operation under the System, you shall operate the Franchised Business in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals or otherwise provided to you in writing (the "**System Standards**").

7.3. **The Manuals are Proprietary and Confidential**. You shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information they contain as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. You shall not download, copy, duplicate, record, or otherwise reproduce the Manuals, in whole or in part (except as stated in Section 7.5), or otherwise make the same available to any unauthorized person, except as authorized in advance by us.

7.4. **The Manuals Remain our Property**. The Manuals will remain the sole property of ours. They must be stored in a secure place at the Franchised Business location, and must be returned to us, as set forth in Section 12, upon the termination or expiration of this Agreement.

7.5. **Revisions to the Manuals**. We may from time to time revise the contents of the Manuals to improve or maintain the standards of the System and its efficient operation, to protect or maintain the goodwill associated with the "Blue Nose" name and Marks, or to meet competition, and you expressly agree to comply with each new or changed standard.

7.6. **Part of Agreement**. From the date of the opening of the Franchised Business, the mandatory specifications, standards, operating procedures, and System Standards prescribed by us and communicated to you in writing, shall constitute provisions of this Agreement as if fully incorporated in the Manuals. The provisions of this Section 7.6 shall survive any termination, transfer, or expiration of this Agreement.

8. Your Obligations

8.1. **Training Requirements.** You may not open the Franchised Business until: (i) your pre-opening training has been completed to our satisfaction; (ii) the Initial Franchise Fee and all other amounts then due to us have been paid in full; and (iii) you submit proof of insurance in the amounts stated in Section 8.7 below.

8.2. **Advertising Approvals Required.** You may advertise in such a manner as may be agreed upon by both of us, including outside of your Exclusive Territory according to Section 1.5. Subject to our written consent, you may use the Marks in such advertising and in all other sales literature and promotions. You agree that you will make no representations or warranties which tend to misrepresent or falsify the specifications, qualities, or uses of the services.

8.3. **Suppliers.** You may only offer and sell those services and products that we have approved. If you wish to offer and sell products and services we do not provide, you must submit to us a written request stating why you wish to offer and sell these goods and services as a franchisee of a Franchised Business.

8.4. **Compliance with Laws.** You agree that you shall comply in all respects with all laws, rules, and regulations of every governmental authority applicable to your Franchised Business.

8.5. **No Amounts Due.** You acknowledge and agree that no fees or compensation for services are required to be paid by us to you under this Agreement.

8.6. **Inspection of Materials.** Upon the execution of this Agreement, we will provide you with certain materials in order to operate your Franchised Business, including a DJI Mavic 2 Pro drone, business cards, logoed apparel, Manuals, and other supplies as needed. You must inspect all materials immediately upon receipt and promptly notify us in writing of any evident defects. You will be deemed to accept the materials if you do not notify us of any defect 10 business days after your receipt. We will pay reasonable return transportation costs if you receive defective materials from us and timely notify us.

8.7. **Insurance Requirements.** You will, upon commencement of the Franchised Business purchase and at all times, maintain at full force and effect: general liability insurance and professional liability coverage insurance in the amounts of not less

than $1,000,000 for each occurrence, naming us as an additional insured. If you do not obtain insurance, you will reimburse the cost of the insurance we purchase on your behalf. Skywatch Insurance specifically insures drones and drone piloting and offers a number of options that would satisfy these requirements.

8.8. **Non-Disparagement.** You promise that you will not, in any manner, interfere with, disparage, disturb, disrupt, or jeopardize the Blue Nose System or its services or products, your Franchised Business, our business, any officers or employees of ours, or any business of our other area directors or customers.

8.9. **Website.** We will provide you a customized Blue Nose website landing page for your Franchised Business. You shall not establish a website on the internet using any domain name, webpages containing the Marks, or any variation thereof unless you have our written permission. You shall, within 48 hours of a demand to do so by us, dismantle and/or deactivate any websites, webpages, blogs, frames, and/or links between your webpages and any other websites or violating domains or any other items appearing on the internet or elsewhere in violation of our System Standards.

8.10. **Phone Number.** You must maintain at all times an active dedicated telephone line in connection with the operation of your Franchised Business. In accordance with our Manuals or as we otherwise specify in writing, you agree to utilize a telephone service, or another live answering service of your choosing, to answer your telephone line when unattended.

8.11. **Payment of Fees.** If any payment due to us is not received by the due date, you will be subject to a late fee of $100.00 immediately plus 1.67% interest, or the maximum rate permitted by state law if less, of the amount due for each day after the due date.

9. Operation and System Standards

9.1. **Reports.** The Manuals specify the monthly reports (currently an income statement and balance sheet) and all payments due to us that you must submit to us by their due dates (currently the first business day of each month) in order for your Franchised Business to be in good standing. In addition, you must provide to us, in the method and form we specify, copies of your monthly bank statements from your Franchised Business's bank account as specified in the Manuals.

9.2. **System Standards.** You acknowledge and agree that your operation and maintenance of the Franchise Business in accordance with System Standards are essential to preserve the goodwill of the Marks and all Blue Nose businesses. Therefore, at all times during the Term, you agree to operate and maintain your Franchised Business in accordance with each and every System Standard, as we periodically modify and supplement them during the Term. System Standards may regulate any one or more of the following with respect to the Franchised Business:

(a) required or authorized products and services;

(b) designated or approved suppliers (which may be limited to or include us) of any products or services;

(c) sales, marketing, advertising, and promotional programs, materials, and media used in such programs;

(d) use and display of the Marks;

(e) communication to us of the identities of the Blue Nose Business' personnel; and qualifications, training, dress, and appearance of employees;

(f) participation in market research, testing, product, and service development programs;

(g) bookkeeping, accounting, data processing, and record keeping systems and requirements, including software, and forms; methods, formats, content, and frequency of reports to us of sales, revenue, financial performance and condition, and audits;

(h) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, and us; and notifying us if any action, suit, or proceeding is commenced against you or the Blue Nose Business; and

(i) regulation of such other aspects of the operation and maintenance of the Blue Nose Business that we determine from time to time to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Blue Nose Businesses.

10. Trade Secrets and Confidential Information

10.1. Scope of Trade Secrets and Confidential Information. We possess (and will continue to develop and acquire), and may disclose to you, certain confidential and trade secret information relating to the development and operation of a Blue Nose business, which may include, without limitation:

(a) the System Standards, the Manuals, and any other proprietary materials;

(b) the sales and marketing techniques used, any guidance and knowledge of an experience in developing and operating a Blue Nose business;

(c) marketing and advertising programs for Blue Nose businesses;

(d) knowledge of specifications for and suppliers of certain ancillary goods, services, equipment, materials, and supplies; and

(e) knowledge of the operating results and financial performance of a Blue Nose businesses other than your franchise (Section 10.1(a)-(e) collectively, the "**Confidential Information**").

10.2. For Business Use Only. You acknowledge and agree that you will not acquire any interest in Confidential Information other than the right to utilize Confidential Information disclosed to you in operating the Franchised Business during the Term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you:

(a) will not use Confidential Information in any other business capacity;

(b) will maintain the absolute confidentiality of Confidential Information during and after the Term of this Agreement;

(c) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and

(d) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including without limitation, restrictions on disclosure to business personnel and others.

You shall enforce this Section 10.2 as to your employees, agents, and representatives, and shall be liable to us for any unauthorized disclosure or use of the Confidential Information by any of them.

10.3. Ideas, Concepts, Techniques, or Materials. All ideas, concepts, techniques or materials relating to your Franchised Business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you, or those who maintain management control of the Franchised Business (a "**Principal**"), will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System. You and your Principals agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques, or materials. We shall disclose to you concepts and developments of other franchisees that are made part of the System. As we may reasonably request, you shall take all actions to assist our efforts to obtain or maintain intellectual property

rights in any item or process related to the System, whether developed by you or not.

11. Covenants

11.1. **Adherence to Agreement.** You and your Designated Principal must at all times faithfully, honestly, and diligently perform your obligations under this Agreement, continuously exert your best efforts to operate your Franchised and to promote, enhance, and encourage patronage of all Blue Nose businesses and not engage in any other business or activity that conflicts with your obligations to operate the Franchised in compliance with this Agreement. You or Designated Principal are obligated to participate personally in the direct operation of the Franchised. If you hire a manager, that person cannot have an interest or business relationship with any of Blue Nose's Competitors (as defined in Section 11.2). The manager need not have an ownership interest in you. Franchisee will train the manager for a total of 20 hours (to match Initial Training); after this period of training, the manager must also earn an FAA Part 107 Certificate to begin the operation of the Franchised Busines. If needed, we can also provide additional training at $500 per day at the expense of Franchisee. You must have any and all persons employed by or hired by you who will have access to Confidential Information sign our standard written agreement to maintain confidentiality of our proprietary rights and Confidential Information prior to the release of any such Confidential Information. All signed confidentiality agreements must be submitted to us within 48 hours of hire and before you release any confidential information to the signatory.

11.2. **Non-Competition.** The covenants set forth in this Section 11.2 are in effect during the term of this Agreement and during the 24 months from the termination or expiration date of this Agreement (the **"Restricted Time**"). You shall not own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a 1% interest in (as owner or otherwise) any person or entity that provides services or products that are substantially similar in nature to the Franchised Business or serve the same purpose as the services and products that you provided under this Agreement within a 25-mile radius of the Exclusive Territory ("**Competitor**"). Furthermore, you agree you will be in default of this Agreement and that this Agreement may be terminated by us if a person in your, or any Principal's immediate family (including spouse, domestic partner, parent or child), engages in services that are the same or substantially similar in nature or purpose to those of the Franchised Business that would violate this Section 11.2 if such person was subject to the covenants of this Section 11.2.

11.3. **Non-Solicitation of Restricted Customers**. You agree that during the Term of this Agreement and during the Restricted Time, you shall not, either directly or indirectly, for or on behalf of a Competitor, engage in the following conduct: (i) solicit

or attempt to solicit any customer that you or your employees solicited, serviced, or had business contact with on behalf of the Franchised Business during the 12 months prior to the Restricted Time for the purpose of providing products or services that are in any way competitive with those provided by Franchisor or its franchised businesses; or (ii) divert, discourage, attempt to divert, or attempt to discourage any such customer from purchasing products or services from Franchisor or its franchised businesses.

11.4. Commencement by Order. If any person restricted by this Section 11 refuses voluntarily to comply with its obligations, the Restriction Period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your Principals expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section 11 will not deprive you of your personal goodwill or ability to earn a living.

12. Defaults and Termination

12.1. Default with No Opportunity to Cure. You will be in default and we may, at our option, terminate this Agreement immediately upon delivery of notice to you and without affording you any opportunity to cure the default if any of the following events occur:

(a) you knowingly maintain false books or records or submit any false statements or reports to us;

(b) you understate by 5% or more of your Gross Sales in any report to us;

(c) you are convicted of a felony or any crime or offense or any claim of misconduct which results in or is reasonably likely, in our sole opinion, to affect adversely the Blue Nose System or its associated goodwill;

(d) you misuse our Marks, Confidential Information, and/or System Standards in such a way that causes detrimental and irreparable harm to the System;

(e) you transfer your Franchised Business without our permission;

(f) you disparage, interfere with, or disrupt our business or the business of any other franchise owner;

(g) you abandon or cease to operate your Franchised Business for a period of 30 days without our prior written permission;

(h) you violate any covenant of confidentiality or otherwise disclose, use, or copy the Manuals, materials, or information created or used by us without our prior approval or violate any applicable non-compete;

(i) you engage in any act(s) that is so dishonest, untrustworthy, self-dealing, or fraudulent that it goes to the essence of this Agreement, frustrates one of the principal purposes of this Agreement, or irreparably damages the trust between us;

(j) you become insolvent or make a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if you file a petition in bankruptcy, or a petition is filed against and consented to by you or not dismissed within 30 days, or 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, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of your assets or property, is appointed; or you admit that you are unable to pay your obligations as they become due or if a final judgment in excess of $5,000 remains unsatisfied or of record for 60 days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of the judgment in the relevant jurisdiction); or

(k) you fail, for 30 days after notice, to comply with any applicable law or regulation applicable to your Franchised Business.

12.2. Default with 30 Day Opportunity to Cure. Except as provided in Section 12.1 above, you will have 30 days from delivery of a written notice of default to remedy the default described in the notice. If any such default is not cured within that time, or such longer period as applicable law may require, we have the option of terminating this Agreement without any further notice to you upon the expiration of the applicable cure period. You will be in default for any failure to comply substantially with any of the requirements imposed by this Agreement or our Manuals or for any failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

(a) your failure to pay promptly any monies owing to us, our affiliates, your suppliers, or any of your lenders when due, or to submit the financial information or other reports required by us, including monies and reports due for clients serviced outside of your Exclusive Territory;

(b) you offer any unauthorized products or services;

(c) your failure to begin operation of your Franchised Business within the time required;

(d) you or your Designated Principal or manager fail to complete to our reasonable satisfaction any of the training required;

(e) your material breach of any representation, promise, warranty, or agreement contained in this Agreement; or

(f) your failure to comply with the Blue Nose System Standards or Manuals.

12.3. No Waiver. Our failure to exercise our right of immediate termination shall not constitute a waiver of such right or any other right that we may have to terminate this Agreement in the future.

12.4. Right to Cease Operations. Upon the occurrence of any event of default, we may, at our option, and without waiving our rights in this Agreement or any other rights available at law or in equity including our rights to damages, suspend the services and products we provide to you while you are in default. In addition, we retain the right to conduct or assign any Blue Nose business within your Exclusive Territory while you are in default of your Franchise Agreement.

12.5. Your Right to Terminate. You may submit a request to terminate this Agreement at any time, with six months written notice, and be relieved of any and all obligations under this Agreement except as provided under Sections 11 and 14. You must be in good standing and in full compliance with this Agreement at the time you submit your request. If you request to provide less than six months written notice, you will be required to pay an early termination fee at the time you submit your request, equivalent to half of the total of royalties you submitted during the 12 months prior to your termination. The early termination fee only applies if you choose not to sell your business. Your request for early termination will be granted upon your full compliance with Section 13 and your signature on our general release.

13. Transactions After Termination, Transfer, or Expiration

13.1. Termination of Rights. Upon termination, transfer, or expiration of this Agreement, all rights granted hereunder to you will terminate, and you shall immediately cease to operate the Franchised Business under this Agreement and shall not thereafter, directly or indirectly, represent yourself to the public or hold yourself as a franchisee of Blue Nose. Termination, transfer, or expiration of the Agreement shall not release you from any obligation to pay any sum which may then be owed to us, and you must comply with the following provisions:

(a) **Name Cancelation**: You must immediately cancel all fictitious, assumed names or equivalent registrations relating to your use of any of our Marks.

(b) **Manuals and Materials**: You must immediately turn over and return to us any and all originals and copies of the Manual(s), customer lists, records, files (both hard copy and electronic), instructions, correspondence, brochures, computer software, computer storage systems, and any and all Confidential Information in your possession, custody or control or relating to the operation of the Franchised Business and any and all supplies and materials containing the Marks. The only documents that you shall retain are your copy of this Agreement, any correspondence between you and us, and any other documents that you reasonably need for compliance with any provision of law.

(c) **Telephone Transfer**: You agree that upon termination, transfer, or expiration of this Agreement, you will immediately assign to us any interest that you may have in the telephone number, including the virtual telephone number provided and any other telephone listing used by you in advertising in connection with the operation of the Blue Nose Business. You shall promptly transfer all telephone calls by call forwarding to us or to such other party or entity as we shall direct and you must execute any such instruments and take such actions as we may deem necessary to affect such transfer and call-forwarding of telephone calls. You will be responsible for payment in full of all amounts due and owing in connection with your telephone numbers and listing accounts through the date of termination, expiration, or transfer of the Franchised Business. You must pay all outstanding and ongoing obligations for advertising accounts associated with telephone numbers, directory listings, internet advertising, and other such obligations for your Franchised Business. You acknowledge that this Agreement is conclusive evidence of our rights to such telephone numbers and directory listings and its authority to direct this transfer.

(d) **Remove Advertising and Notify Advertisers**: You agree that upon termination, transfer, or expiration of this Agreement, you will immediately remove all advertising that you control and notify all advertising sources that your advertising must be removed and canceled immediately. You further agree you will cooperate with us in the removal of all internet listings that may arise for up to 12 months from the date of termination or expiration of this Agreement. For advertising that cannot be immediately canceled, you are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires.

(e) **Enforcement**: Should legal proceedings have to be brought by the Franchisor against you to enforce any covenant or for your failure to maintain confidentiality and protect against infringement, the period of restriction shall be deemed to begin running on the date of entry of an order

granting the Franchisor injunctive relief and shall continue uninterrupted for the remainder of the period of restriction.

The provisions of this Section 13 shall survive the termination, transfer, or expiration of this Agreement.

14. Transfers

14.1. Definition of Transfer. For purposes of this Agreement, term "transfer" means the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in: (i) this Agreement; (ii) you; or (iii) the Franchised Business.

14.2. Transfers by Us. We have the right to transfer or assign all or any part of our rights or obligations in the System to any person or legal entity provided such person or legal entity agrees to be bound by all of the terms and conditions set forth herein and agrees to assume the same.

14.3. Transfers by You. You may not transfer or sell your franchise without our prior written consent, which shall not be unreasonably withheld provided you meet the following conditions:

(a) your proposed transferee must complete our franchisee application and meet our standards of qualification then applicable to all new applicants for franchises;

(b) your transferee shall assume all your duties, obligations, and liabilities to the Franchisor;

(c) your transferee signs our then-current franchise agreement;

(d) your transferee agrees to pay to us prior to consummation of transfer a transfer fee equal to 25% of the then-current initial franchise fee;

(e) you must sign a general release releasing us for any and all existing claims you may have against us, our affiliates, and our respective officers, directors, agents, and employees; and

(f) any attempted transfer in the Franchised Business will trigger a right of first refusal for the Franchisor to match the terms thereof of any bona fide offer, which may be exercised for a period of 30 days after receipt of notice.

14.4. Exemption of Transfer Fee to a Business Entity. You may transfer this Agreement to a business entity that is under the majority control of the Franchisee for no additional fee if the transfer is requested within one year of the Effective Date of this Agreement.

15. Accounting and Records

15.1. Requirement to Maintain Records. You shall maintain during the Term and shall preserve for the time period specified in the Manuals full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by us in the Manuals or otherwise in writing. You are required to maintain a separate bank account used exclusively for your Franchised Business. We may, from time to time, request copies of your books and records to make sure you are complying with this Agreement. You agree to comply with all of our requests, including but not limited to supplying usernames and passwords to access any accounting software and/or scheduling software related to your Franchised Business. During the Term of your Agreement, we and our designated agents will examine and audit your records, accounts, books, and data at reasonable times with reasonable notice to you of an audit to insure that you are complying with the terms of this Agreement.

15.2. Audits. We or our designees will have the right at all reasonable times to review, audit, examine, and copy the financial books and records of the Franchised Business. If any required royalty or other required payments to us are delinquent, or if an audit should reveal that such payments have been understated in any report to us, then you will immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with Section 8.11. If an audit discloses an understatement in any report of 3% or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, reasonable accounting and attorney's fees and costs). These remedies are in addition to any other remedies we may have at law or in equity.

16. Death or Incapacity of Franchisee. Upon your death or the determination of your incapacity (if an individual) or dissolution or similar event (if a partnership or corporation), your interest in this Agreement shall pass to your heirs or beneficiaries. In such event, we may terminate this Agreement upon 180 days' notice to your last business address unless such heirs or beneficiaries: (i) designate a person as being responsible for the performance of this Agreement and the Franchised Business within 180 days after death or determination; and (ii) provide adequate assurance, satisfactory to us, that such person's qualifications and abilities are sufficient for the continued operation of the Franchised Business, the observance of all duties of Franchisee under this Agreement, and the protection of Blue Nose's valuable Marks and System. The individual(s) assuming your responsibilities may be required to, at such individual's sole expense, pay the then-applicable training fee to the Franchisor.

17. Marks

17.1. Ownership and Goodwill. You may only use the Marks in connection with the operation of your Franchised Business and only in accordance with this Agreement.

Any unauthorized use of the Marks by you constitutes an infringement of our rights in and to the Marks. Your usage of the Marks, and any goodwill established by your use of the Marks, inures to our exclusive benefit. You must not, at any time, contest or assist anyone else in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks applies to any additional trademarks, service marks, logo forms, trade dress, and commercial symbols that we authorize for use by, and license to, you in connection with this Agreement.

17.2. Limitations on Use. You must not use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You must not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us in writing. You must use the Marks in the manner prescribed by us on signs and forms. You must give such notices of trademark and service mark registrations and copyrights as we specify, and you must obtain such fictitious or assumed name registrations as may be required under applicable law. You will not employ the Marks in any way that we have determined may result in liability to us for any debts or obligations of yours.

17.3. Infringements and Claims. You must notify us immediately in writing if you become aware of any apparent infringement of, or challenge to, your use of any Mark, or claim by any person of any rights in any of the Marks. You must not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We have sole right to take any action we deem appropriate and the right to exclusively control any litigation, administrative, or other proceeding arising out of any infringement, challenge or claim, or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or United States Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

17.4. Discontinuance of Use. If it becomes advisable at any time for us to modify or discontinue use of any Mark, or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after our notice to you, and our sole liability and obligation to you in the event of such change will be to reimburse you for your out-of-pocket costs of compliance. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark.

18. Relationship of the Parties and Indemnification

18.1. No Fiduciary Duty. Neither this Agreement nor the dealings of the parties pursuant to this Agreement creates any fiduciary relationship or any other relationship of trust

or confidence between the parties. Franchisor and Franchisee, as between themselves, are and shall be independent contractors. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that such covenant does not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law implies such covenant, the parties acknowledge and agree that: (i) this Agreement (and the relationship of the parties which arises from this Agreement) grants us the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with your explicit rights and obligations in this Agreement that may affect favorably or adversely your interests and we will use our judgment in exercising such discretion based on our assessment of our own interests and balancing those interests against the interests of the Principals of Blue Nose businesses generally and specifically without considering your individual interests or the individual interests of any other particular franchisee; (ii) we will have no liability to you for the exercise of our discretion in this manner so long as such discretion is not exercised in bad faith toward you; and (iii) in the absence of such bad faith, no trier of fact in any legal action or arbitration proceeding shall substitute its judgment for our judgment so exercised.

18.2. Independently Owned and Operated. Nothing contained in this Agreement, or arising from the conduct of the parties acting under this Agreement, is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees, and others as the independent owner of your Franchised Business and must place such other notices of independent ownership on such forms, business cards, stationery, advertising, and other materials as we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business.

18.3. Sole and Exclusive Employer. You hereby irrevocably acknowledge, affirm, attest, and covenant that your employees are employed exclusively by you and in no fashion are any such employees employed, jointly employed, or co-employed by us. You further acknowledge, affirm, and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits, and employment-related liabilities (such as workers' compensation insurance, payroll taxes, Social

Security contributions, and unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further acknowledge, attest, and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System Standards. You also acknowledge, affirm, and attest that any recommendations you may receive from us regarding salaries, hourly wages, or other compensation for employees are recommendations only and that you are entirely free to disregard our recommendations regarding such employee compensation. You further acknowledge and agree that you are, and will continue to be at all times, solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full- or part-time. Your employees must be competent, conscientious, and properly trained. Finally, should it ever be asserted that we are the employer, joint employer, or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration, or other setting, you irrevocably agree to assist us in defending such allegations, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting to depositions, other appearances, and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer, or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration, or other setting to the exclusion of you, should any such appearance by you be required or requested, we will recompense you the reasonable costs associated with Franchisee appearing at any such venue.

18.4. **No Liability for Acts of Other Party**. Neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee, or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the Franchised Business's operation or the business you conduct pursuant to this Agreement.

18.5. **Taxes**. We will have no liability for any sales, use, service, occupation, employment related, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Franchised Business, 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.

18.6. Indemnification. You agree to indemnify, exculpate, defend, and hold us and our affiliates, respective members, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") harmless and to reimburse the Indemnified Parties for all claims, obligations, and damages described in this Section 18.6, and any and all claims and liabilities directly or indirectly arising out of the Franchised Business's operation or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, liabilities, costs, damages (actual, consequential or otherwise), and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant, arbitrator, attorney and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

18.7. Mitigation Not Required. Under no circumstances will we or any of the Indemnified Parties be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their, or your losses and expenses, in order to maintain and recover fully a claim against you. 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.

19. Dispute Resolution

19.1. Waiver of Class Actions. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS. AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR AND ITS AFFILIATES, OFFICERS, OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19.2. Mediation. Except as provided in Section 19.6, prior to filing any demand for arbitration, the parties agree to mediate any dispute, controversy, or claim between the parties and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees, or Principals arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for your Franchised Business, any loan or other finance arrangement between us or our Affiliates and you, the parties' relationship, your Franchised Business, or any methods of operation. The party seeking mediation must commence mediation by sending the

other party in accordance with a written notice of its request for mediation headed "Notification of Dispute." Upon receipt of a Notification of Dispute the parties will endeavor, in good faith, to resolve the dispute outlined in the Notification of Dispute. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute within 20 days after receipt of the Notification of Dispute, either party may initiate a mediation procedure in accordance with the Judicial Arbitration and Mediation Services ("JAMS") pursuant to its Commercial Mediation Procedures and, unless otherwise agreed by the parties, will take place in the city of our then-current corporate headquarters. The parties must select a mediator jointly.

19.3. Mediation Fees. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute, if at all possible, within 30 days of the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within 30 days, the parties are free pursue arbitration. In addition, if the party receiving notice of mediation has not responded within five days of delivery of the notice or a party fails to participate in the mediation, this Section 19.3 will no longer be applicable and the other party can pursue arbitration under Section 19.4. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential. At least five days prior to the initial mediation session, each party must deliver a written statement of positions.

19.4. Arbitration. Except as provided in Section 19.6, any dispute, controversy, or claim between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees, or Principals arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for your Franchised Business, any loan or other financial arrangement between us or our Affiliates and you, the parties' relationship, your Franchised Business, or any System standard, or the scope or validity of the arbitration obligation under this Section 19.4 not resolved by mediation must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by JAMS pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

19.5. Arbitration Allowances and Requirements. The arbitration must take place in the city closest to where our headquarters is located at the time of the dispute. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable, interim, or final relief. Each party consents to the enforcement of such orders and injunctions by any court having jurisdiction. The arbitrator will have subpoena powers limited only by the laws of the state in which the main office of the

Franchisor is located. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state in which the main office of Franchisor is then located. All other procedural matters will be determined by applying statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which the main office of Franchisor is then located. Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions, or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties of this Agreement. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

19.6. Exceptions to Arbitration. The parties agree that the following claims will not be subject to arbitration or mediation:

(a) Any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceeding initiated under this Agreement; or

(b) Any action in ejectment or for possession of any interest in real or personal property.

19.7. Costs and Attorney's Fees. Subject to Section 19.3, the prevailing party in any dispute resolution or proceedings arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorney's fees, arbitrator's fees, expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed. If you are in default of the Franchise Agreement, you agree to reimburse us for the expenses we incur as a result of your default and to enforce and terminate the Franchise Agreement.

19.8. Tolling of the Statute of Limitations. All applicable statutes of limitations and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 19 are pending. The parties will take such action, if any, required to effectuate tolling.

19.9. Performance to Continue. Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute pursuant to this Section 19, unless to do so would be impossible or impracticable under the circumstances.

20. General Provisions

20.1. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act as required by this Agreement, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of Colorado, without regard to its conflict of laws, and principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Section 20.1.

20.2. Consent to Jurisdiction. Subject to Section 20.1, you and your Principals agree that we may institute any action against you or your Principals in any state or federal court of general jurisdiction in Colorado, and you (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or her or she) may have to either the jurisdiction of or venue in such courts.

20.3. Waiver of Punitive Damages and Jury Trial. Except with respect to your obligation to indemnify us pursuant to Section 18.6, and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective Principals waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

20.4. Binding Effect. This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns, and successors in interest and may not be modified except by written agreement signed by you and us.

20.5. Limitations of Claims. Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

20.6. Construction. The preambles and appendices are a part of this Agreement which, together with the Manuals and our other written policies, constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of

this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement as set forth in Section 1. Except as contemplated by the arbitration provisions of Section 21, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document.

20.7. Withhold Approval. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

20.8. Headings. The headings of the Sections of this Agreement are for convenience, and do not define, limit, or construe the content of the Sections.

20.9. Joint and Several Principals' Liability. If two or more persons at any time hold a direct or indirect, legal, or beneficial ownership interest or voting rights in the Franchisee, their obligations, and liabilities to us will be joint and several.

20.10. Multiple Copies. This Agreement may be executed in multiple copies, each of which will be deemed an original.

20.11. Power of Attorney. Wherever in this Agreement you have covenanted and agreed to execute any instrument or document and you do not comply with such provisions, you hereby irrevocably nominate, constitute and appoint our Managing Member as our true and lawful attorney for you and in your name and your behalf to execute and do all such acts, deeds, assurances, conveyances, transfers, instruments, documents, and things that may be required for all or any of the purposes aforesaid, and you hereby covenant and agree for you and your successors and assigns to allow, ratify and confirm whatsoever our Managing Member shall do or cause to be done by virtue of this power of attorney.

21. Notices

21.1. Requirement of a Writing; Permitted Methods of Delivery. Unless provided elsewhere in this Agreement, each party giving any notice or demand in accordance with this Agreement shall give the notice in writing and use one of the following methods of delivery, each of which for purposes of this Agreement is a writing:

(a) Personal delivery.

(b) Registered or Certified Mail (in each case, return receipt requested and postage prepaid).

(c) Internationally recognized overnight courier (with all fees prepaid).

21.2. Addressees. Any party giving notice shall address the notice to the appropriate person at the receiving party's address listed on the signature page of this Agreement or to another address as designated by a party.

21.3. Effectiveness of a Notice. Except as provided elsewhere in this Agreement, a notice is effective only if the party giving the notice has complied with Sections 21.1 and 21.2 and if the addressee has received the notice.

22. Acknowledgements

22.1. Your Investigation of the Business Possibilities. You acknowledge that you have conducted an independent investigation of the business of operating a Blue Nose Business and recognize that the business venture contemplated by this agreement involves business risks and that its success will be largely dependent upon the ability of franchisee as an independent businessperson(s). _____(Initial)

Franchisor expressly disclaims the making of, and franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this agreement. Franchisee acknowledges that this agreement contains all oral and written agreements, representations and arrangements between the parties, and any rights which the respective parties hereto may have had under any other previous contract (whether oral or written) are hereby cancelled and terminated, and no representations or warranties are made or implied, except as specifically set forth herein. _____(Initial)

Franchisee further acknowledges that it has not received or relied on any representations about the franchise by the franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in the franchisor's franchise disclosure document or to the terms and conditions contained herein, and further represents to the franchisor, as an inducement to entry into this agreement, that franchisee has made no misrepresentations in obtaining the franchise. _____(Initial)

23. Receipt of FDD and Complete Agreement. You acknowledge that you received a complete copy of this Agreement, the attachments to it, and agreements relating to it, if any, at least six calendar days prior to the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising," otherwise known as the Franchise Disclosure Document (FDD), at least 14 calendar days prior to the date on which this Agreement was executed or any payment by you for the franchise rights granted under this Agreement. You further acknowledge that prior to receiving our FDD, we advised you of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

23.1. Franchisee Read the Agreement and Consulted. You acknowledge that you have read and understood our FDD and this Agreement, its attachments, and its agreements, if any, and that we have given you ample time and opportunity to consult with advisors, such as an attorney or certified public accountant, of your own choosing about the potential benefits and risks of entering into this Agreement.

23.2. Your Responsibility for Operation of Business. Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Franchised Business, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System standards at the Franchised Business.

23.3. No Conflicting Obligations. Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (i) negotiating and entering into this Agreement; (ii) exercising its rights under this Agreement; or (iii) fulfilling its responsibilities under this Agreement.

23.4. Different Franchise Offerings to Others. You acknowledge and agree that we may modify the offer of our franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

23.5. Good Faith. Both parties acknowledge that each provision in this Agreement has been negotiated by the parties in good faith. It is further acknowledged that both parties intend to enforce every provision of this Agreement, including, without limitation, the provisions related to arbitration and choice of venue, regardless of any state law or regulation purporting to void or nullify any such provision.

23.6. Success Depends on Franchisee. You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, its active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

23.7. No Guarantees. We expressly disclaim the making of, and you acknowledge that you have not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits, or success of the business venture contemplated by this Agreement.

23.8. Amendment. Any modification or change in or to this Agreement must be in writing and signed by each of the parties prior to such change taking effect.

TO EVIDENCE THE PARTIES' AGREEMENT TO THIS AGREEMENT, EACH PARTY HAS EXECUTED AND DELIVERED IT ON THE DATE INDICATED UNDER THAT PARTY'S SIGNATURE.

BLUE NOSE FRANCHISING AGREEMENT SIGNATURE PAGE

Blue Nose Franchising, LLC	**Franchisee:**
By:_____	By:_____
Shawn Tanner Harris, Managing Member	Name:_____
	Title:_____
Date: _____	Date:_____
Address for notices:	Address for notices:
	By:_____
	Name:_____
	Title:_____
	Date:_____
	Address for notices:

By:_____

Name:_____

Title:_____

Date:_____

Address for notices:

BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT

EXHIBIT A
EXCLUSIVE TERRITORY, INITIAL FRANCHISE FEE, ROYALTY FEE, AND ADVERTISING CONTRIBUTION

We grant you the following Territory upon payment of the Franchise Fee indicated below:

Royalty Fee Amount: 4% of Gross Sales

Advertising Contribution Amount: 2% of Gross Sales

Initial Franchise Fee: $2,500

Franchisor

Signature: _____

Print Name: _____

Title: _____

Franchisee

Signature: _____

Print Name: _____

Title: _____

BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT

EXHIBIT B
FRANCHISE PACKAGE

DJI Mavic 2 Pro drone

Blue Nose Operations Manual (loan for length of franchise)

Blue Nose logoed apparel

Business cards

BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT

EXHIBIT C
PROMISSORY NOTE

$_____ _____, 20____

Denver, CO

FOR VALUE RECEIVED, the undersigned (the "**Maker**") promises to pay to the order of Blue Nose Franchising, LLC ("**Payee**"), at 2548 Akron Street, Denver, Colorado 80238, or at the holder's option, at such other place as may be designated from time to time by Payee, the amount of One Thousand Five Hundred ($1,500) as follows:

- Payments of $250.00 are due and payable on the 15th of each month for a total of six months commencing on the Effective Date of the Franchise Agreement.

- The Maker may prepay this Note, in whole or in part, without penalty at any time.

Payee and Maker entered into the Franchise Agreement on _____, of which this Promissory Note is an Exhibit. The entire unpaid balance of this Note shall be paid no later than six months from the Effective Date of the Franchise Agreement.

The undersigned agrees to pay all attorney's fees and other costs and expenses that Payee may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as maker, endorser, surety, guarantor, or otherwise, and any holder (collectively hereafter "**Obligor**"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor, and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Payee may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (i) any extension or extensions of the time of payment of any principal, interest, or other amount due and payable under this Note; (ii) any renewal of this Note, in whole or in part; (iii) any full or partial release or discharge from liability under this Note of any other Obligor; (iv) any waiver of any default under this Note; or (v) any agreement with the Maker changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms, and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note:

(a) Any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note;

(b) The death, dissolution, merger, consolidation, or termination of existence of any Obligor;

(c) Any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document, or instrument to which any Obligor and Payee are parties;

(d) Any Obligor is unable to pay debts as they become due, or becomes insolvent or makes an assignment for the benefit of creditors;

(e) Any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or

(f) A receiver is appointed for, or a write or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets, or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Payee, without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Payee and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

Each Obligor hereby waives trial by jury in any action or proceeding to which such Obligor and Payee may be parties arising out of, in connection with, or in any way pertaining to this Note. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceeding, including claims against parties who are not parties to this Note. This waiver is knowingly, willingly, and voluntarily made by each Obligor, and each Obligor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury and that each Obligor has been represented in the signing of this Note and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with its counsel.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors, and assigns of each Obligor and shall inure to the benefit of Payee, its successors, and assigns.

This Note shall be construed in all respects and enforced according to the laws of the State of Colorado.

WITNESS the following signature(s):

Maker: _____
(Enter Name of Entity Here)

By: _____

Printed Name: _____

Title: _____

Guarantors:

_____
Signature of Guarantor

_____
Printed Name of Guarantor

Home Address:

_____
Signature of Guarantor

_____
Printed Name of Guarantor

Home Address:

BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT

EXHIBIT D
PERSONAL GUARANTEE

This Guaranty and Assumption of Obligations (this "Guaranty") is given this _____ day of _____, 20____, by _____, _____, and _____.

Guarantees. In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "**Agreement**") dated _____, between _____ (the "Franchisee") and us, each of the undersigned (the "**Guarantor(s)**") personally and unconditionally:

(a) Guarantees to us and our successors and assigns, for the term of the Agreement and thereafter, that [NAMES OF OWNERS] will punctually pay, perform, and satisfy each and every obligation, undertaking, agreement, and covenant of Franchisee set forth in the Agreement; and

(b) Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Consent and Agreement. Each undersigned Guarantor consents and agrees that:

(a) Their direct and immediate liability under this Guaranty will be joint and several;

(b) They will render any payment or performance required under the Agreement upon demand if owner fails or refuses, for any reason, punctually to do so;

(c) Such liability will not be contingent or conditional upon our pursuit of any remedies against owner or any other person; and

(d) Such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement and thereafter.

Waivers. Each undersigned Guarantor waives all rights to payments and claims for reimbursement or subrogation which any of the Guarantors may have against owner arising as a result of the undersigned Guarantor's execution of and performance under this Guaranty.

To evidence the Guarantor's agreement to this Guaranty, each has executed and delivered it on the date indicated under that party's signature.

Guarantors:

By: _____

Name Printed: _____

Date: _____

By: _____

Name Printed: _____

Date: _____

By: _____

Name Printed: _____

Date: _____

BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT

EXHIBIT E
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Blue Nose Franchising (the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "**Franchise Agreement**") for the establishment and operation of a "Blue Nose Business." The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("**Broker**") that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain: (i) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks; and (ii) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Blue Nose Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Blue Nose Business from an existing Franchisee?

   Yes _____ No _____

2. I had my first contact with a Franchisor representative on _____, 20___. The representative's name was:_____.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

   Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

   Yes _____ No _____

   If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____
_____

5. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("**Disclosure Document**") that was provided to you?

   Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

   Yes _____ No _____

   If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____
   _____
   _____

8. Have you discussed the benefits and risks of establishing and operating a Blue Nose Franchised Business with an attorney, accountant, or other professional advisor?

   Yes _____ No _____

   If No, do you wish to have more time to do so? Yes _____ No _____

9. Do you understand that the success or failure of your Blue Nose Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

   Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Blue Nose Business operated by the Franchisor or its franchisees (or of any group

of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Blue Nose Franchised Business?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who?

If you have answered "No" to question 9, or "Yes" to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "Yes" to question 9, and "No" to each of questions 10-17, please leave the following lines blank.

_____
_____
_____
_____
_____

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

The name of the salesperson or salespersons that handled this franchise sale was: _____

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

   _____
   _____

_____

_____

_____

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "**Executive Order**") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "**Anti-Terrorism Measures**"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(a) a person or entity listed in the Annex to the Executive Order;

(b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(d) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____.

By: _____

Name Printed: _____

Date: _____

By: _____

Name Printed: _____

Date: _____

BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT

EXHIBIT 4
PROMISSORY NOTE

$_____ _____, 20____

Denver, CO

FOR VALUE RECEIVED, the undersigned (the "**Maker**") promises to pay to the order of Blue Nose Franchising ("**Payee**"), at [ADDRESS] or at the holder's option, at such other place as may be designated from time to time by Payee, the amount of One Thousand Five Hundred ($1,500) as follows:

- Payments of $250.00 are due and payable on the 15th of each month for a total of six months commencing on the Effective Date of the Franchise Agreement.

- The Maker may prepay this Note, in whole or in part, without penalty, at any time.

Payee and Maker entered into the Franchise Agreement on _____, of which this Promissory Note is an Exhibit. The entire unpaid balance of this Note shall be paid no later than six months from the Effective Date of the Franchise Agreement.

The undersigned agrees to pay all attorneys' fees and other costs and expenses that Payee may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter "**Obligor**"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Payee may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (i) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (ii) any renewal of this Note, in whole or in part, (iii) any full or partial release or discharge from liability under this Note of any other Obligor; (iv) any waiver of any default under this Note; or (v) any agreement with the Maker changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms, and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note:

(a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note;

(b) the death, dissolution, merger, consolidation or termination of existence of any Obligor;

(c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and Payee are parties;

(d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors;

(e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or

(f) a receiver is appointed for, or a write or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Payee, without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Payee and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

Each Obligor hereby waives trial by jury in any action or proceeding to which such Obligor and Payee may be parties, arising out of, in connection with, or in any way pertaining to, this Note. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceeding, including claims against parties who are not parties to this Note. This waiver is knowingly, willingly and voluntarily made by each Obligor, and each Obligor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury and that each Obligor has been represented in the signing of this Note and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with its counsel.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Payee, its successors, and assigns.

This Note shall be construed in all respects and enforced according to the laws of the State of Colorado.

[*Signature page below.*]

WITNESS the following signature(s):

Maker:_____
(Enter Name of Entity Here)

By:_____

Printed Name:_____

Title:_____

Guarantors:

_____	_____
Signature of Guarantor	Signature of Guarantor
_____	_____
Printed Name of Guarantor	Printed Name of Guarantor
Home Address:	Home Address:

EXHIBIT 5

LIST OF FRANCHISEES

None.

EXHIBIT 6

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

None.

EXHIBIT 7

FINANCIAL STATEMENTS

Blue Nose Franchising, LLC

BALANCE SHEET

As of August 20, 2020

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Blue Nose Franchising, LLC	20,984.00
Total Bank Accounts	**$20,984.00**
Total Current Assets	**$20,984.00**
TOTAL ASSETS	**$20,984.00**
LIABILITIES AND EQUITY	
Total Liabilities	
Equity	
Opening Balance Equity	1,000.00
Owner's Investment	20,005.00
Retained Earnings	0.00
Net Income	-21.00
Total Equity	**$20,984.00**
TOTAL LIABILITIES AND EQUITY	**$20,984.00**

EXHIBIT 8

TABLE OF CONTENTS TO CONFIDENTIAL OPERATIONS MANUAL

[Exhibit 8 begins on next page]

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BLUE NOSE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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 we offer you a franchise, we 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.

If we do 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, DC 20580 and the appropriate state agency listed on Exhibit 1.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Tanner Harris, 2548 Akron Street, Denver, Colorado, 80238; (703) 615-7196 and _____.

See Exhibit 1 for our registered agents authorized to receive service of process.

The issuance date of this Disclosure Document is: **August 10, 2020**

I have received a Disclosure Document with an issuance date of _____ on _____, 20___ that includes the following Exhibits:

Exhibit 1 – State Administrators/Agents for Service of Process
Exhibit 2 – State Specific Addendum
Exhibit 3 – Franchise Agreement
Exhibit 4 – Promissory Note
Exhibit 5 – List of Franchisees
Exhibit 6 – List of Franchisees Who Have Left the System
Exhibit 7 - Financial Statements
Exhibit 8 – Table of Contents of Confidential Operating Manual

_____ _____
Date Prospective Franchisee

_____
Printed Name

BLUE NOSE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPT
(YOUR COPY)—PLEASE KEEP FOR YOUR RECORDS

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 we offer you a franchise, we 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.

If we do 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, DC 20580 and the appropriate state agency listed on Exhibit 1.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Tanner Harris, 2548 Akron Street, Denver, Colorado, 80238; (703) 615-7196 and _____.

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Exhibit 7 - Financial Statements
Exhibit 8 – Table of Contents of Confidential Operating Manual

_____ _____

Date Prospective Franchisee

_____

Printed Name