# FRANCHISE DISCLOSURE DOCUMENT

Bobbles and Lace Franchise, LLC
a Wyoming limited liability company
26 Wyman Road
Marblehead, Massachusetts 01945
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www.bobblesandlace.com

As a Bobbles & Lace franchisee, you will operate a fashion forward boutique retail store that caters in styling women head to toe with an emphasis on styling (a "Business"). Our business model is 50% product and 50% the experience we create for the clients. Businesses are based in affluent, young, and trending destination cities and towns. The target customer is a young, emerging female professional who has outgrown "fast fashion" stores, but is not ready to shop at luxury department stores. Franchisees will operate the franchised business under the brand "Bobbles & Lace."

The total investment necessary to begin operation of a Business is $153,175 to $290,000. This includes $40,000 that must be paid to the franchisor or affiliates. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first Business) is $213,175 to $410,000. This includes between $100,000 and $160,000 that must be paid to the franchisor. There is no minimum number of Businesses you are required to develop under a Multi-Unit Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Lindsay Rando at 26 Wyman Road, Marblehead, Massachusetts 01945 or (978) 273-5642.

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

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

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

Issuance date: April 18, 2023.

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20. |
| **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 includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only Bobbles & Lace business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a Bobbles & Lace franchisee?** | Item 20 lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Massachusetts. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Massachusetts than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Minimum Royalty and Other Payments**. You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Limited Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

## TABLE OF CONTENTS


| Item | | Page |
|---|---|---|
| Item 1 | THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES | 1 |
| Item 2 | BUSINESS EXPERIENCE | 2 |
| Item 3 | LITIGATION | 3 |
| Item 4 | BANKRUPTCY | 3 |
| Item 5 | INITIAL FEES | 3 |
| Item 6 | OTHER FEES | 4 |
| Item 7 | ESTIMATED INITIAL INVESTMENT | 7 |
| Item 8 | RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES | 9 |
| Item 9 | FRANCHISEE'S OBLIGATIONS | 11 |
| Item 10 | FINANCING | 12 |
| Item 11 | FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING | 12 |
| Item 12 | TERRITORY | 17 |
| Item 13 | TRADEMARKS | 18 |
| Item 14 | PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION | 20 |
| Item 15 | OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS | 21 |
| Item 16 | RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL | 21 |
| Item 17 | RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION | 22 |
| Item 18 | PUBLIC FIGURES | 25 |
| Item 19 | FINANCIAL PERFORMANCE REPRESENTATIONS | 25 |
| Item 20 | OUTLETS AND FRANCHISEE INFORMATION | 28 |
| Item 21 | FINANCIAL STATEMENTS | 30 |
| Item 22 | CONTRACTS | 30 |
| Item 23 | RECEIPTS | 30 |


**EXHIBITS**


A. State Administrators and Agents for Service of Process
B. Bobbles and Lace Franchise, LLC Franchise Agreement
C. Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement
D. State Addenda and Riders
E. Manual Table of Contents
F. Financial Statements
G. Current Franchisees
H. Franchisees Who Have Left the System
I. Receipt

## Item 1
## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this franchise disclosure document, "we," "us," or "our" refers to Bobbles and Lace Franchise, LLC, the franchisor. "You" or "Franchisee" means the person to whom we grant a franchise. If you are a business entity, "you" and "Franchisee" will also mean your owners.

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a Wyoming limited liability company organized on February 14, 2022. We conduct business as "Bobbles and Lace Franchise, LLC" and "Bobbles and & Lace." Our principal business address is 26 Wyman Road, Marblehead, Massachusetts 01945. We began offering franchises in February, 2022. Our agent for service of process in Wyoming is Registered Agents, Inc. with its principal business address at 30 North Gould Street, Suite R, Sheridan, Wyoming 82801. Our agents for service of process in certain states are disclosed in Exhibit A. We do not operate businesses of the type being franchised. We do not offer franchises in any other line of business, but may do so in the future. We have no parent or predecessor companies. We have one affiliate.

Our affiliate Bobbles & Lace, LLC ("B&L I") is a Massachusetts limited liability company organized on June 9, 2008. B&L I's principal business address is the same as ours. B&L I has operated a Business in Marblehead, Massachusetts since April, 2008. B&L I does not and has never offered franchises in this or any other line of business.

**The Franchise Offered**

You will develop and operate a specialty women's boutique retail business under the trade name "Bobbles & Lace" and any other trademarks we designate (collectively, the "Trademarks"). Businesses are operated at a fixed retail location and offer Trademark-branded women's clothing and other preapproved retail items. We have developed a distinct, proprietary system for the operation of Businesses (the "System"). Distinctive characteristics of the System include, without limitation, the products offered, the Trademarks, our brand standards manual (the "Manual"), and all of our other proprietary information and processes (see Item 14). You will operate your Business as an independent business using the System. Other franchisees may operate under different forms of agreements and our obligations and rights with respect to our other franchisees may differ materially in certain circumstances.

You will sign a Bobbles and Lace Franchise, LLC Franchise Agreement (a "Franchise Agreement") and operate your Business in accordance with the terms of your Franchise Agreement and the Manual. The current form of Franchise Agreement is attached as Exhibit B. Your Franchise Agreement will grant you a defined, exclusive territory (a "Territory"). If the location of your Business (your "Business Site") is unknown as of the effective date of your Franchise Agreement, you will propose a Business Site within your Territory that meets our site selection criteria for our approval. After we have approved your Business Site, we will designate your Business Site in your Franchise Agreement. You will establish and operate your Business solely from your Business Site. During the term of your Franchise Agreement, as long as you are not in default of your Franchise Agreement, we will not directly or indirectly establish or operate, nor grant a license or right to any other person to establish or operate, any other franchised business identified with the Trademarks within your Territory except as otherwise provided in your Franchise Agreement.

If you sign a Multi-Unit Development Agreement (a "Development Agreement"), you will develop multiple Businesses (each, a "Development Business") in accordance with an agreed-upon schedule (the "Development Schedule") in a specific geographic area (a "Development Territory"). The current form of

Development Agreement is attached as Exhibit C. You will sign our then-current form of Franchise Agreement for each Development Business, which form of Franchise Agreement may be different from the form of Franchise Agreement attached as Exhibit B.

Market for Products

The market for boutique fashion retail is fully developed, mature, and highly competitive. Sales are seasonal depending on the market, but typically a large percentage of sales are generated during the fourth quarter of the year. Your Business will compete with other fashion retail businesses including, without limitation, franchised or independent national chain businesses, single operation businesses, and Internet-only businesses.

Laws and Regulations

You must research and comply with all federal, state, and local laws and regulations that apply to the operation of your Business. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of your Business.

We are not aware of any laws or regulations that specifically apply to the fashion retail industry. Your Business must comply with all applicable federal, state, county, and municipal building codes, handicap access codes, and laws restricting smoking in public places, the public posting of notices regarding health hazards, fire safety, and general emergency preparedness, rules regarding the proper use, storage, and disposal of hazardous waste and materials, and other building, fire, and health standards. You must operate your Business in full compliance with all applicable workplace laws, ordinances, and regulations, including governmental regulations relating to occupational hazards, health, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, discrimination, employment, sexual harassment, worker's compensation, unemployment insurance, and the withholding and payment of federal, state, and local income taxes, social security taxes, and sales and use taxes. There may be other local, state, or federal laws or regulations that your Business must comply with. We strongly advise you to investigate these laws before buying this franchise.

## Item 2
## BUSINESS EXPERIENCE

Chief Executive Officer and Managing Member: Lindsay Rose Rando

Ms. Rando has been our Chief Executive Officer and Managing Member since our organization. She has been the Chief Executive Officer and Managing Member of B&L I since its organization. These positions are in Marblehead, Massachusetts.

Operations Director: Samantha Freni

Ms. Freni has been our Operations Director since our organization. She was the Operations Director for B&L I from January, 2017, to January, 2022. These positions are and were in Marblehead, Massachusetts.

Director of Franchise Marketing: Kelsey Brooks

Ms. Brooks has been our Director of Franchise Marketing since January, 2023, in Marblehead, Massachusetts. She was the Marketing Director for B&L I from April, 2018, to December, 2022, in Portland, Maine.

Development Director: Michaella Giorgio

Ms. Giorgio has been our Development Director since our organization in Marblehead, Massachusetts. She was the Director of Sales and Stylists for B&L I from January, 2022, to January, 2023, in Marblehead, Massachusetts. She was a Store Director for B&L I from June, 2018, to December, 2021, in Andover, Massachusetts.

Visual Director: Alexa Sauchek

Ms. Sauchek has been our Visual Director since January, 2023, in Marblehead, Massachusetts. She was the Visual Director and a Store Director for B&L I from October, 2018, to December, 2022, in Newport, Rhode Island.

## Item 3
## LITIGATION

No litigation is required to be disclosed in this Item 3.

## Item 4
## BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item 4.

## Item 5
## INITIAL FEES

Initial Franchise Fee

You will pay us a $20,000 fee for the right to operate your Business (the "Initial Franchise Fee") when you sign your Franchise Agreement. The Initial Franchise Fee is uniform, fully earned upon receipt, and nonrefundable.

Initial Training Fee

You will pay us a $20,000 fee for our initial training program (the "Initial Training Fee") when you sign your Franchise Agreement. The Initial Training Fee is uniform, fully earned upon receipt, and nonrefundable.

Development Fee

If you sign a Development Agreement, you will pay a fee equal to the sum of $40,000 for your first Development Business and $30,000 for each additional Development Business (a "Development Fee") when you sign your Development Agreement. You will pay the Development Fee in lieu of the Initial Franchise Fees and Initial Training Fees you would otherwise pay for your Development Businesses. The Development Fee is nonrefundable.

## Item 6
## OTHER FEES

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee[2, 3] | The greater of 5% of Gross Sales (as defined below) or $500 (the "Minimum Royalty") | Tuesday of each week | Gross Sales for royalty calculation purposes are the Gross Sales from Monday through Sunday of each applicable week. |
| Local Advertising Costs | 3% of Gross Sales | As arranged | You must spend at least 3% of your Gross Sales each month on local marketing efforts. We may give you a reasonable financial credit against your required local advertising expenditures for local marketing efforts you make that do not involve a financial expenditure (i.e., social media postings). |
| Marketing Fund Contribution[4] | 1% of Gross Sales | Tuesday of each week | We have established a Marketing Fund you will contribute to for the benefit of the System. |
| Advertising Cooperative Contribution[5] | As determined by the Cooperative (defined below) | As arranged | We have not yet established local or regional Cooperatives, but may do so in our discretion. The maximum Cooperative contribution is 5% of Gross Sales. Any Cooperative contribution you make will be credited against your required local advertising expenditures. |
| Technology Fee | Our then-current fee | 15th day of each month | This fee is for the use of our point-of-sale system. The current technology fee is $250 per month. |
| Additional/Replacement Training Fee | $10,000 plus our expenses | Prior to training | If you send a manager or other employee to our training program after your Business opens, you will pay our then-current training fee. If the training program is provided onsite, we may charge our then-current additional/replacement training fee plus our associated expenses (such as travel, lodging, and meals) for employees providing onsite training. |
| Business Site Rental Costs | As determined by your lease | Monthly | You will enter into a lease with your landlord with monthly rental payments you negotiate. We do not negotiate with your landlord on your behalf. |
| Third Party Vendor Costs | Our actual costs plus a reasonable administrative fee | Varies | We may require you to use third party vendors and suppliers we designate. Vendors and suppliers may bill you directly or we may collect payment for these vendors and charge you a reasonable administrative fee. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Non-Compliance Fee | $500 plus $250 per week of additional non-compliance | On demand | We may charge you $500 if your Business is not in compliance the System and you fail to correct your non-compliance within 30 days of notice. Thereafter, we may charge you $250 per week until you correct your non-compliance. |
| Non-Compliance Cure Costs | Our actual costs and internal cost allocation plus 10% | On demand | If we cure your non-compliance on your behalf (for example, we may purchase insurance for you if you do not have required insurance), you will pay us our actual costs and internal cost allocation plus a 10% administrative fee. |
| Reimbursement Costs | Amount we spend on your behalf plus 10% | Within 15 days of invoice | If we pay any amount that you owe or are required to pay to a third party on your behalf, you must reimburse us for our actual expenditures plus a 10% administrative fee. |
| Late Payment Fee | $100 plus interest on the unpaid amount equal to the greater of (i) 18% APR or (ii) the highest rate allowed by law | On demand | We may charge a late payment fee if you fail to timely make a required payment. |
| Insufficient Funds Fee | The greater of (i) $30 or (ii) the highest amount allowed by law | On demand | We may charge an insufficient funds fee if a payment you make is returned for insufficient funds. |
| Collection Costs | Our actual costs | On demand | Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us. |
| Special Support Fee | Our then-current fee plus our expenses | On demand | If we provide additional onsite support to you at your request, we may charge our then-current special support fee plus our associated (such as travel, lodging, and meals for employees providing onsite support). The current special support fee is $600 per day. |
| Customer Complaint Resolution Costs | Our actual costs | On demand | We may take any action we deem appropriate to resolve a customer complaint about your Business and require you to reimburse us for our actual costs. |
| Records Audit Costs | Our actual costs | On demand | Payable if we audit your Business because you fail to submit required reports or for other non-compliance and the audit concludes that you underreported Gross Sales by more than 3% during any four-week period. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Special Inspection Fee | Our then-current fee plus our expenses | On demand | Payable if we conduct an inspection of your Business because of a governmental report, customer complaint or other feedback, your default of your Franchise Agreement, or your non-compliance with the System. The current special inspection fee is $600. |
| Renewal Fee | $10,000 | Upon signature of renewal Franchise Agreement | You must satisfy all required conditions to renew your Franchise Agreement including, without limitation, executing our then-current form of Franchise Agreement. |
| Transfer Fee | $10,000 plus broker fees and our expenses | When transfer occurs | Payable if you transfer your Business. |
| Liquidated Damages | Royalty fees and marketing fund contributions for the lesser of (i) two previous years or (ii) the remaining weeks in the term of your Franchise Agreement | On demand | Payable if we terminate your Franchise Agreement for cause or you terminate your Franchise Agreement without cause. |
| Indemnity Costs | Our actual costs and losses from any legal action related to your operation of your Business | On demand | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your Business unless caused by our misconduct or negligence. |
| Prevailing Party Legal Costs | The prevailing party's attorney fees, court costs, and other expenses | On demand | In any legal proceeding (including arbitration or mediation), the non-prevailing party will pay the prevailing party's attorney fees, court costs, and other expenses. |

Notes:

1. Fees. All fees are uniform, nonrefundable, and payable to us except as otherwise described above. We may change, waive, or eliminate fees for any franchisee as we deem appropriate. We may reasonably increase any fees or charges for products, materials, and services we provide from time to time excepting the royalty fee percentage used to calculate your royalty fee payments. The royalty fee percentage is not subject to any increases. Annual increases in the Minimum Royalty will be limited to the percentage increase of the Consumer Price Index. You will remit all amounts you owe us pursuant to the Franchise Agreement or other agreements in the manner we determine including, without limitation, payment by bank draft, certified check, credit card, electronic funds transfer, or as we may otherwise direct in writing. You will participate in any payment plans, computerized point-of-sale systems, credit verification systems, electronic funds transfer systems, automatic banking systems, or other similar plans or systems we require to facilitate your payment of all amounts owing to us pursuant to the Franchise

Agreement or other agreements. You will execute all necessary documents and consents for payments to be made by electronic funds transfer to enable us to automatically withdraw money from your financial accounts.

2. Gross Sales. "Gross Sales" means all amounts generated by your Business whether for cash, check, credit, gift cards, barter, or any other means of exchange including, without limitation, payments for any products or services, proceeds of any business interruption insurance policies, and all revenues derived from tenants or subtenants of yours including, without limitation, rent and any other lease payment. Gross Sales does not include *bona fide* refunds to customers, sales taxes collected, proceeds from the sale of used equipment not in the ordinary course of business, or sales of prepaid gift cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

3. Weekly Reporting. You will report your Gross Sales to us each week. If you fail to report your Gross Sales, we will withdraw estimated royalty fees and marketing fund contributions based on 125% of your most recent reported Gross Sales. We will reconcile actual amounts owed if you later report your actual Gross Sales.

4. Marketing Fund Contributions. Although we have not yet established a dedicated marketing fund for the benefit of the System (the "Marketing Fund"), we may establish a Marketing Fund in the future in our discretion. You may be required to pay a minimum monthly amount to the Marketing Fund regardless of your Gross Sales. Marketing Fund contributions will not be credited towards satisfaction of your minimum local advertising expenditures.

5. Advertising Cooperative Contributions. We may establish and require your participation in a local or regional advertising cooperative (a "Cooperative") within a designated market. If a Cooperative is established within a designated market that includes your Business, you will be required to participate in the Cooperative and make ongoing payments to the Cooperative in such amounts and subject to such caps as established by the Cooperative members. We anticipate that each franchised Business and company-owned Business will have one vote for each Business located within the designated market and that Cooperative decisions will be made based on approval of a simple majority vote with a quorum of not less than 25% of the members. Cooperative contributions will be credited towards satisfaction of your minimum local advertising expenditures.

## Item 7
## ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|
| Initial Franchise Fee | $20,000 | Check or wire transfer | Upon Franchise Agreement signature | Us |
| Initial Training Fee | $20,000 | Check or wire transfer | Upon Franchise Agreement signature | Us |
| Rent (one month) | $3,500 to $25,000 | As agreed | Upon lease signature | Landlords |
| Lease Security Deposit[1] | $0 to $25,000 | As agreed | Upon lease signature | Landlords |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|
| Utilities | $100 to $2,000 | As agreed | Upon ordering service | Utility providers |
| Leasehold Improvements[2] | $10,000 to $30,000 | As agreed | As incurred or billed | Contractors |
| Market Introduction Program | $2,000 to $4,000 | As agreed | As incurred or billed | Suppliers and vendors |
| Furniture, Fixtures, and Equipment | $20,000 to $30,000 | As agreed | As incurred or billed | Suppliers and vendors |
| Computer Systems | $3,575 to $5,000 | As agreed | As incurred or billed | Suppliers and vendors |
| Insurance (three months) | $1,000 to $3,000 | As agreed | As billed | Insurance companies |
| Signage | $2,000 to $5,000 | As agreed | Upon ordering | Suppliers and vendors |
| Office Expenses | $500 to $1,000 | As agreed | As incurred or billed | Suppliers and vendors |
| Inventory | $40,000 to $60,000 | As agreed | As incurred or billed | Suppliers and vendors |
| Licenses and Permits | $500 to $1,000 | As agreed | Upon application | Government authorities |
| Professional Fees (lawyers, accountants, etc.) | $2,000 to $3,000 | As agreed | As incurred or billed | Professionals |
| Training Travel, Lodging, and Board Costs | $3,000 to $6,000 | As agreed | As incurred or billed | Airlines, hotels, restaurants, and other vendors |
| Additional Funds (three months)[3] | $25,000 to $50,000 | Varies | Varies | Employees, suppliers, utilities, vendors, and other third parties |
| Total | $153,175 to $290,000 | | | |

DEVELOPMENT AGREEMENT

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|
| Development Fee[4] | $100,000 to $160,000 | Check or wire transfer | Upon Development Agreement signature | Us |
| Estimated Initial Investment to Open a Development Business[5] | $113,175.00 to $250,000 | Varies | Varies | Varies |
| Total | $213,175 to $410,000 | | | |

Notes:

1. Lease Security Deposit. This estimate assumes you will lease your Business Site premises and is for the estimated amount of the initial lease security deposit you will be required to pay your landlord.

You will negotiate the amount of your lease security deposit directly with your landlord. You will not pay a lease security deposit if your Business is located on real property you own.

2. Leasehold Improvements. This estimate is for the cost of construction and build-out of your Business Site premises. A Business is typically in luxury malls, downtown districts, or shopping centers with rent per square foot of $35 to $120. Business Site premises generally range in size from 1,200 to 2,500 square feet depending on the market.

3. Additional Funds (three months). This estimate includes any other required expenses you will incur before operations begin and during your initial three-month period of operations including, without limitation, employee payroll, additional inventory, rent, and other operating expenses in excess of income generated by your Business. The estimate does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on our experience, B&L I's experience opening Businesses, and our general knowledge of the industry.

4. Development Fee. This estimate assumes you sign a Development Agreement for three to five Development Businesses.

5. Estimated Initial Investment to Open a Development Business. This is the estimated initial investment for the development of your first Development Business. It is the estimate contained in the Franchise Agreement chart less the Initial Franchise Fees and Initial Training Fees for each Development Business. Your initial investment for the development of additional Development Businesses may be lower depending on factors including, without limitation, the amount of training required for employees of your additional Development Businesses.

## Item 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

We may require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Business from us or our designee, from suppliers approved by us, or according to our specifications.

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your Business Site location is subject to our approval and must meet our specifications. Your landlord will sign our form of Rider to Lease Agreement (attached as Attachment 4 to the Franchise Agreement).

B. Insurance. You will obtain insurance as described in the Franchise Agreement and the Manual including (i) "Special" causes of loss coverage forms with fire, crime, vandalism, malicious mischief, and extended coverage for all property of your Business for full repair and replacement value, (ii) business interruption insurance for at least twelve months of income, (iii) commercial general liability insurance including products liability and broad form commercial liability coverage written on an "occurrence" policy form with not less than a $1,000,000 single limit per occurrence and a $2,000,000 aggregate limit, (iv) business automobile liability insurance including owned, leased, non-owned, and hired automobiles coverage of not less than $1,000,000, and (v) workers' compensation coverage as required by law. Your insurance policies (other than workers' compensation policies) must list us and our affiliates as additional insureds, include a waiver of subrogation in favor of us and our affiliates, be primary and non-

contributing with any insurance carried by us or our affiliates, and stipulate that we receive at least 30 days' prior written notice of cancellation.

C. Point-of-Sale Software and Hardware. You will purchase or lease the point-of-sale software and hardware we specify (see Item 11).

D. Apparel, Inventory, Clothing, and Retail Items. You will purchase the specified apparel, inventory, clothing, and inventory your Business will sell. This inventory will be purchased from specified vendors and suppliers according to our specifications.

Neither we nor any affiliate is currently a supplier of any goods or service that you must purchase, although we or our affiliates may be a supplier of goods or services in the future.

Supplier Ownership

None of our officers currently owns an interest in any supplier.

Alternative Suppliers

You must request our prior written approval if you want to use an alternative supplier. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we reasonably deem appropriate including, without limitation, the alternative supplier's capacity, quality, financial stability, reputation, and reliability, our inspections, product testing, and performance reviews, or other criteria. Our criteria for approving alternative suppliers are not available to you. We will provide you with written notification of our approval or disapproval of any proposed alternative supplier within 30 days after our receipt of your request. We may grant approvals of new suppliers or revoke approvals of current suppliers upon written notice to you or Manual updates in our discretion.

Specifications and Standards

Current system specifications and standards will be described to you in our Manual or written directives. We may issue new or modified specifications and standards for the System at any time by revising our Manual or issuing written directives. We may, but are not obligated to, issue new or revised specifications or standards after testing in our headquarters, company-owned Businesses, or limited market tests.

Revenue to Us and Our Affiliates

We or our affiliates may derive revenue from required purchases or leases by franchisees. Neither we nor our affiliates derived any such revenue in 2022.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business will be 70% to 90% of your total purchases and leases. We estimate that the ongoing required purchases and leases of goods and services to operate your business will be 55% to 65% of your total purchases and leases.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers from franchisee purchases, but may do so in the future.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperatives currently exist, but may be established in the future.

Negotiated Purchase Arrangements

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Benefits Provided to You for Purchases

We do provide material benefits to you based on your purchase of particular goods or services or your use of particular suppliers, but may do so in the future.

## Item 9
## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| a. Site selection and acquisition/lease | §§ 6.1 and 6.2 | Item 11 |
| b. Pre-opening purchase/leases | §§ 6.2 and 6.3 | Items 5, 7, 8, and 11 |
| c. Site development and other pre-opening requirements | Article 6 | Items 5, 7, 8, and 11 |
| d. Initial and ongoing training | §§ 5.2, 6.4, and 7.6 | Items 5, 6, 8, and 11 |
| e. Opening | §§ 6.5 and 6.6 | Items 7, 8, and 11 |
| f. Fees | Article 4, §§ 3.2, 10.5, 11.3, 14.5, 15.2, and 17.6 | Items 5, 6, and 7 |
| g. Compliance with standards and policies/operating manual | §§ 6.3, 7.1, 7.3, 7.5, 7.9, 7.10, 7.11, 7.12, 7.13, 7.15, 9.1, 10.1, 10.4, and 11.1 | Items 8, 11, and 14 |
| h. Trademarks and proprietary information | Article 12 and § 13.1 | Items 13 and 14 |
| i. Restrictions on products/services offered | § 7.3 | Items 8, 11, and 16 |
| j. Warranty and customer service requirements | §§ 7.3, 7.8, and 7.9 | Item 8 |
| k. Territorial development and sales quotas | § 2.2 | Item 12 |
| l. Ongoing product/service purchases | Article 8 | Items 6 and 8 |
| m. Maintenance, appearance, and remodeling requirements | §§ 3.2, 7.12, 7.13, and 15.2 | Items 6, 7, and 8 |
| n. Insurance | § 7.15 | Items 6, 7, and 8 |
| o. Advertising | Article 9 | Items 6, 7, 8, and 11 |
| p. Indemnification | Article 16 | Items 6 and 8 |
| q. Owner's participation/management/staffing | § 2.4 | Items 15 |
| r. Records and reports | Article 10 | Item 11 |
| s. Inspections and audits | §§ 10.5 and 11.2 | Items 6 and 11 |
| t. Transfer | Article 15 | Items 6 and 17 |
| u. Renewal | § 3.2 | Item 17 |
| v. Post-termination obligations | Article 13 and § 14.3 | Item 17 |
| w. Non-competition covenants | § 13.2 | Item 17 |
| x. Dispute resolution | Article 17 | Items 6 and 17 |

## Item 10
## FINANCING

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

Our Pre-Opening Obligations

Before you open your Business:

A. Selecting Your Business Site. We will review and advise you regarding potential Business Sites that you submit to us (Section 5.2). If you sign a Development Agreement, we will approve the location of future Business Sites and Territories for those Development Businesses; our then-current standards for Business Sites and Territories will apply. We are not obligated to further assist you in locating a Business Site or negotiating the purchase or lease of a Business Site. We generally do not own Business Site premises and lease the premises to franchisees.

If your Business Site is not already known and approved by us when you sign your Franchise Agreement, then we will initially identify an area within which you will select a Business Site (Franchise Agreement, Summary Page). We do not select your Business Site. You will find a potential Business Site and submit your proposed Business Site to us for approval with any information about the proposed Business Site we request. The factors we consider in approving Business Sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. When we approve a Business Site, we will issue a Location Acceptance Letter (Attachment 2 to the Franchise Agreement).

We will approve or disapprove your proposed Business Site within 30 days after you submit all of our required documents and information (Section 6.1). If we and you cannot agree on a Business Site, you will be unable to comply with your obligation to develop and open your Business by the deadline stated in your Franchise Agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your Franchise Agreement in our discretion.

B. Constructing, Remodeling, or Decorating the Premises. We will advise you regarding the layout, design, and build-out of your Business (Section 5.2). We are not obligated to assist you in conforming your Business premises to local ordinances and building codes and obtaining any required permits.

C. Hiring and Training Employees. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility (Section 7.5).

D. Necessary Equipment, Signs, Fixtures, Opening Inventory, and Supplies. We will provide you with a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your Business (Section 5.2). We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. Manual. We will give you access to our Manual (Section 5.1).

F. Initial Training Program. We will conduct our initial training program (Section 5.2). The current initial training program is described below.

G. Market Introduction Plan. We will advise you regarding the planning and execution of your market introduction plan (Section 5.2).

H. Onsite Opening Support. We will have a representative provide onsite support for at least two days in connection with your Business opening at our expense (Section 5.2).

Length of Time to Open

The typical length of time between signing a Franchise Agreement and the opening of a Business is 60 to 120 days. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

Our Post-Opening Obligations

After you open your Business:

A. Developing Products or Services You Will Offer to Your Customers. The Agreement does not obligate us to refine and develop products or services that you will offer to your customers, but it is our intent and practice to do so (Section 5.3).

B. Hiring and Training Employees. All hiring decisions and conditions of employment are your sole responsibility (Section 7.5).

C. Improving and Developing Your Business; Problem Resolution. At your request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your Business and resolving problems you encounter to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any associated expenses (such as travel, lodging, and meals) for our employees providing onsite support (Section 5.3).

D. Establishing Prices. We may determine prices charged by our franchisees for goods and services to the extent permitted by applicable law (Section 5.3).

E. Establishing Administrative, Bookkeeping, Accounting, and Inventory Control Procedures. We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for the System.

F. Marketing Fund. We will administer the Marketing Fund (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and provide the financial statement to you upon request (Section 9.3).

G. Website. We will maintain a website for the System (the "Website") that includes your Business information and telephone number (Section 5.3).

H. Social Media. Franchisees manage their own social media platforms with our guidance in accordance with our policies, procedures, and guidelines (Section 5.3).

Advertising

A. Our General Advertising Obligations. We will conduct advertising for the benefit of the System. We are not required to spend any amounts in the area where any particular franchisee is located. We generally use outside vendors and consultants to produce advertising materials. We will maintain the Website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising on your behalf.

B. Your Advertising Materials. You may only use your own advertising materials with our prior approval. To obtain our approval, you must submit any proposed advertising materials at least 14 days prior to use. If we do not respond, the advertising material is deemed rejected. If you develop any advertising materials, we may use those advertising materials for any purpose without payment to you.

C. Advertising Council. We do not have an advertising council composed of franchisees. The Franchise Agreement does not give us the right to form an advertising council.

D. Local or Regional Cooperatives. We do not currently have any local or regional Cooperatives. We may require Cooperatives to be formed, changed, dissolved, or merged. We may require you to participate in a local or regional Cooperative. We will define the area of any Cooperative based on media markets, or other geographic criteria that we reasonably deem appropriate. Each franchisee in a Cooperative will have one vote per Business (unless the franchisee is in default of its Franchise Agreement). The amount you must contribute to a Cooperative will be determined by a vote of the members, but will not be less than 1% or more than 5% of Gross Sales. If our own Businesses are members of a Cooperative, they will contribute to the Cooperative on the same basis as franchisees and vote on the same basis as other members. We will administer any Cooperative, but may delegate responsibility for administration to an outside company or to the members. We may require a Cooperative to operate from written bylaws or other governing documents that we reasonably determine. No form of governing documents are currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and the members of the Cooperative.

E. Marketing Fund. If we establish a Marketing Fund, we will use the Marketing Fund only for marketing and related purposes. The Marketing Fund will not be used to solicit new franchise sales. You and all other franchisees will contribute to the Marketing Fund. Your anticipated contribution is 1% of Gross Sales. We may require other franchisees to contribute a different amount. Our Businesses will not be obligated to contribute to the Marketing Fund. We will administer the Marketing Fund. The Marketing Fund will not be audited, but we will make unaudited annual financial statements available to you upon request. If less than all Marketing Fund contributions are spent in the fiscal year in which they accrue, the contributions will remain in the Marketing Fund to be spent in the next year. Because we have not yet established the Marketing Fund, we did not spend any money from the Marketing Fund in 2022.

F. Market Introduction Plan. You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your Business.

G. Required Expenditures. After your Business opens, you must spend at least 3% of Gross Sales each month on local advertising expenditures to market your Business. This amount is only a minimum requirement and we do not represent that it is the optimal amount of money for you to spend.

Point-of-Sale and Computer Systems

We currently require you to use Vend POS as your point-of-sale system. This software will act as your primary computer system to manage transactions, track daily financial interactions with customers, monitor inventory, and perform other business financial reporting tasks. We recommend that you have two Mac computers and use QuickBooks software for your bookkeeping. We require you to use Marcello Loyalty software to manage loyalty programs for your Business. We estimate that these computer systems will cost between $3,575 and $5,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any contracts for such services with a third party, but may do so in the future. You must upgrade or update any computer system as we direct. There is no contractual limit on the frequency or cost of this obligation. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be $3,000 per year.

Your point-of-sale system and other computer systems will generate or store data such as financial data, operational data, and inventory data. We will have independent access to the information that will be generated or stored in these computer systems. There is no contractual limitation on our right to access this information.

Manual

You will operate your Business in compliance with the operational systems, procedures, policies, methods, and requirements found in the Manual and any revisions, modifications, or amendments to the Manual. You will keep any physical copy of the Manual in a secure place within your Business premises. The Manual and all other manuals or written materials relating to your Business will be returned to us upon termination or expiration of your Franchise Agreement. We may change the Manual in our discretion, but the modifications will not substantially or materially alter your status and rights under your Franchise Agreement. The Manual is confidential and remains our property. At present, the Manual is approximately 200 pages long. The Manual's Table of Contents is attached as Exhibit E to this disclosure document.

We may notify you of changes to the Manual by any method including, without limitation, email, posting the modified Manual on an internal System website, or by facsimile transmission. You will ensure that the Manual is kept current at all times. You will abide by any modifications, changes, additions, deletions, and alterations to the Manual and be responsible for all costs and expenses that you may incur to comply. You may need to purchase updated equipment, products, and supplies at your own cost. If there is any dispute as to the contents of the Manual, the terms of the master copy of the Manual that we maintain at our principal office will control.

Training Program

Training programs will be scheduled in accordance with the needs of new franchisees. We anticipate holding training programs between three and six times per year. Training will be held at our offices in Marblehead, Massachusetts, at your Business Site, or otherwise as we determine. We may vary the length and content of the initial training program based on the experience and skill level of the attendees. Our instructional materials consist of the Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Introduction: Brand, Working Together, the Industry, and Culture | 2 | 0 | Portland, Maine, your Business, or otherwise as we designate. |
| Visual Merchandising and Store Presentation | 0 | 8 | Portland, Maine, your Business, or otherwise as we designate. |
| Recruiting, Interviewing, and Scheduling | 4 | 0 | Portland, Maine, your Business, or otherwise as we designate. |
| Client Experience | 0 | 24 | Portland, Maine, your Business, or otherwise as we designate. |
| Financial Planning, Bookkeeping, Timesheets, and Payroll | 4 | 0 | Portland, Maine, your Business, or otherwise as we designate. |
| Business Development: GNOs, Pop-Ups, and Local Partners | 4 | 0 | Portland, Maine, your Business, or otherwise as we designate. |
| Marketing | 4 | 0 | Portland, Maine, your Business, or otherwise as we designate. |
| Product Management | 4 | 4 | Portland, Maine, your Business, or otherwise as we designate. |
| TOTALS: | 22 | 36 | |

Training classes will be led or supervised by Lindsay Rando or other instructors we designate. Ms. Rando's experience is described in Item 2. Other instructors may have various lengths of experience, but will typically have a minimum of two years of experience in the industry and one year of experience with our System.

There is no fee for up to two people to attend our initial training program. You will pay the travel and living expenses of your attendees. You (or your general manager if you are a business entity) must attend training. You may send any additional people to our initial training program that you want for our then-current fee. You must complete our initial training program to our satisfaction at least four weeks before opening your Business.

Your Business must be under your onsite supervision or under the onsite supervision of a general manager who has completed our training program at all times. If you need to send a new general manager to our initial training program, we will charge our-then current fee. Otherwise, we do not currently require participation in additional training programs or refresher courses, but may do so in the future.

## Item 12
## TERRITORY

Your Business Site

Your franchise is for your specific Business Site. If your Business Site is not known at the time you sign your Franchise Agreement, then your Business Site will be subject to our approval.

Grant of Territory

Your Franchise Agreement will specify your Territory which will be determined by us. Your Territory will have a population of approximately 50,000 to 100,000 people. Your Territory will most likely be specified as a radius around your Business Site; however, we may use other boundaries (such as county lines or other political boundaries, streets, geographical features, ZIP codes, or trade area). If your Business Site is not known when you sign your Franchise Agreement, then we will state your Business Site and Territory in a Location Acceptance Letter when we approve your Business Site. If we do not state your Territory in writing before you open your Business to the public, your Territory will be deemed to be the ZIP codes that immediately surround your Business Site and comprise a total of 100,000 population.

Relocation

You do not have the right to relocate your Business and we have no obligation to approve any request for relocation. We approve relocation of a franchisee's Business on a case-by-case basis and consider factors including, without limitation, changes in demographics, current profitability of a Business, or a loss of the Business Site premises due to circumstances beyond the franchisee's control.

Establishment of Additional Outlets

You will not have the right to establish additional Businesses unless you sign a Development Agreement. If you sign a Development Agreement, then you will have the right to establish your Development Businesses in accordance with your Development Schedule. Your right to develop additional Businesses will be subject to (i) your compliance with the Development Schedule, (ii) your sufficient financial and organizational capacity to develop, open, operate, and manage each additional Development Business, (iii) your compliance with all System standards at your then-operating Businesses, and (4) you not being in default of any other agreement with us or our affiliates. We will approve the location of your future Business Sites and Territories for your Development Businesses using our then-current standards. You are not obligated to develop your Development Businesses and you may terminate the Development Agreement at any time without penalty. We may terminate your rights to develop additional Development Businesses if you do not meet your Development Schedule.

Options to Acquire Additional Businesses

You will not receive any options, rights of first refusal, or similar rights to acquire additional Businesses except as in connection with a Development Agreement as described above.

Territory Protection

You will receive an exclusive Territory in your Franchise Agreement. Beginning six months after the date you execute your Franchise Agreement, you must remit at least $500.00 per month to us for your royalty obligations as calculated as a percentage of your Gross Sales (the "Territory Minimum"). Subject to certain exceptions as described below and your meeting your Territory Minimum obligations, we will

not establish either a company-owned or franchised Business in your Territory selling the same or similar goods or services under the Trademarks or similar trademarks or service marks. If you fail to meet your Territory Minimum obligations for three consecutive months, we may grant any entity the right to operate a Business within your Territory in our discretion going forward. Except for the Territory Minimum requirement, the continuation of your territorial exclusivity will not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

You will receive an exclusive Development Territory in your Development Agreement if you sign a Development Agreement. In your Development Territory, we will not establish either a company-owned or franchised Business selling the same or similar goods or services under the Trademarks or similar trademarks or service marks. The continuation of your territorial exclusivity will depend on your adherence to your Development Schedule. If you fail to adhere to your Development Schedule, we may terminate your Development Agreement, but not any Franchise Agreements for Development Businesses that are already signed.

Our Restrictions From Soliciting or Accepting Orders in Your Territory

We have no restrictions on us from soliciting or accepting orders from customers inside your Territory. We may use other channels of distribution including, without limitation, catalog sales, telemarketing, or other direct marketing sales to make sales within your Territory using the Trademarks or other trademarks. Notwithstanding the foregoing, we will pay you compensation for our solicitation or acceptance of orders from customers inside your Territory through ecommerce orders. We will pay you a 10% commission on ecommerce orders made by customers located within your Territory.

Solicitation by You Outside of Your Territory

There are no restrictions on you from soliciting or accepting orders from customers located outside of your Territory except that your use of any advertising materials is subject to our prior approval and you are not permitted to advertise outside of your Territory without our prior approval. You will not market on the Internet except as permitted by the Manual or otherwise with our prior approval.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under different trademarks selling goods or services similar to those you will offer. However, the Franchise Agreement does not prohibit us from doing so.

## Item 13
## TRADEMARKS

Principal Trademarks

Your Franchise Agreement grants you the nonexclusive right to use the Trademarks in your Business. We own the Trademarks and we have registered the following principal Trademarks with the United States Patent and Trademark Office (the "USPTO") on the Principal Register:

| Trademark | Registration Date | Registration Number |
|---|---|---|
| | November 15, 2022 | 6900455 |
| Bobbles & Lace | November 15, 2022 | 6900453 |

Determinations

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court relating to the Trademarks. There are no pending infringement, opposition, or cancellation proceedings relating to the Trademarks.

Affidavits

We have filed all required affidavits.

Litigation

There is no pending material federal or state court litigation regarding our use of or ownership rights to the Trademarks.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the Trademarks listed above in a manner material to the System.

Renewals

No registrations have been renewed.

Protection of Rights

We protect your right to use the Trademarks listed in this Item and against claims of infringement or unfair competition arising out of your use of the Trademarks to the extent described below.

Your Franchise Agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to any trademark we license to you. Your Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark we license to you.

If you use the Trademarks in accordance with your Franchise Agreement, then (i) we will defend you at our expense against any legal action by a third party alleging infringement from your use of the Trademarks, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

We may require you to modify or discontinue using any part of the Trademarks at your expense. You will have a reasonable period of time to comply with the change that will not exceed 90 days. After such period, you will no longer have the right to use the unmodified or discontinued part of the Trademarks.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Trademarks.

## Item 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act whether or not we have obtained registrations. This includes our Manual and any other sales, training, management, or other materials that we have created or will create. You may use these copyrighted materials during the term of your Franchise Agreement in a manner consistent with our ownership rights solely for your Business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (the Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or defend you against claims arising from your use of our copyrighted items. Your Franchise Agreement does not require us to take affirmative action when notified of copyright infringement. We will control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights at your expense.

We do not know of any current copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Manual and related materials that include guidelines, standards, and policies for the development and operation of your Business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating your Business, and any related non-public plans, data, financial information, processes, vendor pricing arrangements, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

All customer data and other non-public data generated by your Business is confidential information and exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Business.

You (and your owners, if you are a business entity) must protect the confidentiality of the Manual and any other proprietary information. You will use our confidential information only for your Business. We may require your managers and key employees to sign confidentiality agreements.

You will disclose any ideas, plans, improvements, concepts, methods, and techniques relating to your Business that you conceive or develop to us. We will automatically own all such innovations and may incorporate any innovations into our system for use by all franchisees without any compensation to you.

## Item 15
## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You will devote substantial time and attention to your Business and designate one person as your "Principal Executive." Your Principal Executive is the individual primarily responsible for the operation of your Business and will have decision-making authority on behalf of your Business. Your Principal Executive must own at least 10% of your Business, complete our initial training program and any post-opening training programs we require in the future, and make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. Your Principal Executive cannot fail to attend more than three consecutive required meetings.

If you are a business entity, all owners of the business entity will sign our Guarantee and Non-Competition Agreement (see Attachment 3 to the Franchise Agreement).

"On-Premises" Supervision

You are not required to personally conduct on-premises supervision of your Business. However, we recommend your on-premises supervision.

There are no restrictions regarding who you hire as an on-premises supervisor. The general manager of your business (whether you or a hired person) must successfully complete our training program. If you are a business entity, we do not require that your general manager own any equity in you.

Restrictions on Your Manager

You will have your general manager (and other key employees that we reasonably determine) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law.

## Item 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You will offer for sale only goods and services that we have approved. You will offer for sale all goods and services that we require. We may change the types of authorized goods or services and there are no limits on our right to make changes. We do not restrict your access to customers except that all sales must be made at or from your Business Site.

## Item 17
## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
## THE FRANCHISE RELATIONSHIP

**This table lists certain important provisions of the Franchise Agreement, Development Agreement, and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provision | Section in Franchise or Development Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | FA § 3.1<br>DA Section 1(a) | Ten years for your Franchise Agreement. Your Development expires on the date that your last Development Business is scheduled to open. |
| b. Renewal or extension of the term | FA § 3.2<br>DA Not applicable | You may renew your Franchise Agreement for two additional ten-year terms. You may be required to sign a then-current form of franchise agreement with materially different terms and conditions than your original Franchise Agreement. |
| c. Requirements for franchisee to renew or extend | FA § 3.2<br>DA Not applicable | "Renewal" means the exercise of your right to extend the current term of your Franchise Agreement for an additional ten-year term up to a maximum of two renewals. To renew, you must: (i) give us advance notice between 90 and 180 days before the end of the then-current term, (ii) be in compliance with all contractual obligations to us and third parties, (iii) renovate your Business to meet our then-current standards, (iv) sign the then-current form of franchise agreement and related documents (including a personal guarantee), which may have materially different terms and conditions than your original Franchise Agreement, (v) pay a renewal fee, and (vi) sign a general release (unless prohibited by applicable law). If you continue operating your Business after expiration of the term without a renewal agreement, we may either (i) require you to terminate the operations of your Business at any time, or (ii) deem you to have renewed your previously effective Franchise Agreement for an additional ten-year term in our discretion. |
| d. Termination by franchisee | FA § 14.1<br>DA § 4 | You may terminate your Franchise Agreement if we violate a material provision of your Franchise Agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. You may terminate your Development Agreement at any time. |
| e. Termination by franchisor without cause | Not applicable | None. |
| f. Termination by franchisor with cause | FA § 14.2<br>DA § 4 | We may terminate your Franchise Agreement or Development Agreement for cause subject to any applicable notice, cure opportunity, and applicable |

| Provision | Section in Franchise or Development Agreement | Summary |
|---|---|---|
| | | state law. Termination of your Franchise Agreement will give us the right to terminate your Development Agreement subject to applicable state law. Termination of your Development Agreement will not give us the right to terminate your Franchise Agreement. |
| g. "Cause" defined – curable defaults | FA § 14.2<br>DA Not applicable | (i) Non-payment by you (ten days to cure) of any amounts due, (ii) violation of your Franchise Agreement other than by non-curable default (30 days to cure), and (iii) operation in a manner dangerous to health or safety (48 hours to cure). |
| h. "Cause" defined – non-curable defaults | FA § 14.2<br>DA § 4 | FA: (i) Misrepresentation when applying to be a franchisee, (ii) knowingly submitting false information to us, (iii) bankruptcy, (iv) loss of possession of your Business Site, (v) violation of law, (vi) violation of confidentiality covenants, (vii) violation of non-competition covenants, (viii) violation of transfer restrictions, (ix) slander or libel of us or our affiliates, (x) refusal to cooperate with our business inspection, (xi) cease operations for more than five consecutive days, (xii) three defaults in any twelve-month period, (xiii) termination of any other agreement with us for cause, (xiv) charge of, conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect the System, or (xv) any breach of your Franchise Agreement that by its nature cannot be cured.<br><br>DA: (i) Failure to meet your Development Schedule, or (ii) violation of your Franchise Agreement or any other agreement with us that gives us the right to terminate the agreement. |
| i. Franchisee's obligations on termination/non-renewal | FA §§ 14.3 to 14.6<br>DA Not applicable | (i) Pay all amounts due to us or affiliates, (ii) return the Manual and any other proprietary items to us, (iii) notify telephone, Internet, and other service providers and transfer services, (iv) cease doing business, (v) deidentify, and (v) offer a purchase option to us. |
| j. Assignment of agreement by franchisor | FA § 15.1<br>DA § 7 | There are no restrictions on our right to assign your Franchise Agreement or Development Agreement. |
| k. "Transfer" by franchisee – defined | FA Article 1<br>DA Background Statement | For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of your Business, (ii) your Franchise Agreement or Development Agreement, (iii) any direct or indirect ownership |

| Provision | Section in Franchise or Development Agreement | Summary |
|---|---|---|
| | | interest in your Business, or (iv) control of your Business. |
| l. Franchisor's approval of transfer by franchisee | FA § 15.2<br>DA § 7 | You may not transfer your Franchise Agreement or Development Agreement without our approval. |
| m. Conditions for franchisor's approval of transfer | FA § 15.2<br>DA Not applicable | (i) Pay a transfer fee, (ii) buyer meets our then-current standards for new franchisees, (iii) buyer is not a competitor of ours, (iv) buyer and its owners sign our then-current Franchise Agreement and related documents (including a personal guarantee), (v) all payments have been made to us and our affiliates, (vi) compliance with all contractual requirements, (vii) buyer completes our training program, (viii) you sign a general release subject to applicable state law, and (vix) your Business complies with our then-current System specifications. |
| n. Franchisor's right of first refusal to acquire franchisee's business | FA § 15.5<br>DA Not applicable | If you want to transfer your Business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal. |
| o. Franchisor's option to purchase franchisee's business | FA § 14.6<br>DA Not applicable | When your Franchise Agreement expires or is terminated, we may purchase any of the assets of your Business. |
| p. Death or disability of franchisee | FA §§ 2.4 and 15.4<br>DA Not applicable | If you die or become incapacitated, a new Principal Executive acceptable to us must be designated to operate your Business and your executor must transfer your Business to an approved new owner within nine months. |
| q. Non-competition covenants during the term of the franchise | FA § 13.2<br>DA Not applicable | Neither you, any owner of the business, nor any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by any competitor. |
| r. Non-competition covenants after the franchise is terminated or expires | FA § 13.2<br>DA Not applicable | For two years, neither you, any owner of your Business, nor any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within three miles of your former Territory or the Territory of any other Business operating on the date of termination. |
| s. Modification of the agreement | FA § 18.4<br>DA § 7 | No modification or amendment of the Franchise Agreement or Development Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or System specifications. |
| t. Integration/merger clause | FA § 18.3<br>DA § 7 | Only the terms of the Franchise Agreement and Development Agreement are binding subject to applicable state law. Any representations or |

| Provision | Section in Franchise or Development Agreement | Summary |
|---|---|---|
| | | promises outside of the disclosure document and Franchise Agreement or Development Agreement may not be enforceable. No claim made in your Franchise agreement or Development Agreement is intended to disclaim the express representations made in this disclosure document. |
| u. Dispute resolution by arbitration or mediation | FA § 17.1<br>DA § 7 | All disputes are submitted to arbitration or mediation subject to applicable state law. |
| v. Choice of forum | FA §§ 17.1 and 17.5<br>DA § 7 | Arbitration or mediation will take place where our headquarters is then located (currently, Marblehead, Massachusetts) subject to applicable state law. Any legal proceedings not subject to arbitration or mediation will take place in the District Court of the United States in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located subject to applicable state law. |
| w. Choice of law | FA § 18.8<br>DA § 7 | Wyoming subject to applicable state law. |

## Item 18
## PUBLIC FIGURES

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

## Item 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

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The following chart contains financial performance information for seven Businesses owned and operated by B&L I that were open between January 1, 2022, and December 31, 2022. These locations are located in Maine, Massachusetts, New Hampshire, and Rhode Island.

| **Bobbles & Lace, LLC<br>Financial Performance – Company Businesses<br>January 1, 2022, to December 31, 2022** | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Andover, MA | Boston, MA | Marblehead, MA | Newburyport, MA | Newport, RI | Portland, ME | Portsmouth, NH |
| Gross Sales | $554,835.26 | $859,535.74 | $501,186.33 | $490,849.70 | $503,977.96 | $767,312.09 | $572,023.02 |
| *Cost of Goods Sold* | $182,954.64 | $260,902.13 | $164,390.70 | $160,396.24 | $163,453.10 | $244,147.89 | $174,720.09 |
| Gross Profit | $371,880.62 | $598,633.61 | $336,795.63 | $329,913.46 | $340,524.86 | $523,164.20 | $397,302.93 |
| *Advertising/Promotions* | $1,394.44 | $1,394.44 | $1,394.44 | $1,394.44 | $1,394.44 | $1,394.44 | $1,394.44 |
| *Automobile Expenses* | $613.20 | $10,306.85 | $50.00 | $1,724.54 | $1,022.87 | $9,204.99 | $3,554.20 |
| *Bank Service Fees* | $10,662.46 | $17,624.60 | $9,697.08 | $9,171.04 | $9,612.25 | $16,343.29 | $10,708.89 |
| *Building Supplies* | $212.88 | $212.88 | $212.88 | $212.88 | $212.88 | $212.88 | $212.88 |
| *Computer Expenses* | $3,000.00 | $3,000.00 | $3,000.00 | $3,000.00 | $3,000.00 | $3,000.00 | $3,000.00 |
| *Dues/Subscriptions* | $0.00 | $0.00 | $0.00 | $395.00 | $0.00 | $0.00 | $0.00 |
| *Health Insurance* | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $7,133.44 | $0.00 |
| *Liability Insurance* | $5,097.66 | $5,097.66 | $5,097.66 | $5,097.66 | $5,097.66 | $5,097.66 | $5,097.66 |
| *Payroll Expenses/Taxes* | $94,124.79 | $101,307.56 | $91,030.19 | $83,602.06 | $107,449.42 | $131,042.59 | $90,497.47 |
| *Tagging and Shipping* | $8,720.77 | $8,720.77 | $8,720.77 | $8,720.77 | $8,720.77 | $8,720.77 | $8,720.77 |
| *Printing/Copying* | $217.22 | $217.22 | $217.22 | $217.22 | $217.22 | $217.22 | $217.22 |
| *Accounting Fees* | $2,133.00 | $2,133.00 | $2,133.00 | $2,133.00 | $2,133.00 | $2,133.00 | $2,133.00 |
| *Rent* | $45,600.00 | $114,750.20 | $39,300.00 | $53,116.77 | $38,041.88 | $49,781.46 | $53,099.45 |
| *Repair/Maintenance* | $296.00 | $2,322.65 | $1,417.00 | $793.26 | $0.00 | $167.38 | $904.93 |
| *Snow Removal* | $0.00 | $0.00 | $100.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| *Supplies* | $9,656.66 | $10,064.65 | $9,656.66 | $10,559.77 | $9,656.66 | $9,656.66 | $10,013.50 |
| *Trash Service* | $0.00 | $0.00 | $275.10 | $0.00 | $1,051.59 | $800.00 | $0.00 |
| *Utilities* | $7,825.75 | $2,963.64 | $4,042.15 | $8,467.13 | $6,545.60 | $3,454.06 | $3,180.72 |
| Total Expenses | $189,554.83 | $280,116.12 | $176,344.15 | $188,605.54 | $194,156.24 | $248,359.84 | $192,735.13 |
| **Net Income** | **$182,325.79** | **$318,517.49** | **$160,451.48** | **$141,307.92** | **$146,368.62** | **$274,804.36** | **$204,567.80** |
| Imputed Royalty Fee (5%) | $27,741.76 | $42,976.79 | $25,059.32 | $24,542.49 | $25,198.90 | $38,365.60 | $28,601.15 |
| Imputed Marketing Fund Contribution (1%) | $5,548.35 | $8,595.36 | $5,011.86 | $4,908.50 | $5,039.78 | $7,673.12 | $5,720.23 |
| **Imputed Net Income** | **$149,038.68** | **$266,945.34** | **$130,380.30** | **$111,856.93** | **$116,129.94** | **$228,765.64** | **$170,246.42** |

Notes:

1. The foregoing information shows historical financial performance and is not a projection of future performance.

2. There were a total of eight Businesses owned and operated by B&L I at some point during 2021. The information disclosed in the chart above relates only to the seven Businesses that open for the entire year of 2021. Ecommerce sales are not included in this Item 19.

3. "Gross Sales" means all amounts generated by the Business whether for cash, check, credit, gift cards, barter, or any other means of exchange. Gross Sales does not include *bona fide* refunds to customers, sales taxes collected, proceeds from the sale of used equipment not in the ordinary course of business, or sales of prepaid gift cards or similar products.

4. "Cost of Goods Sold" means the cost of all products, inventory, and accessories sold from the Businesses in 2021.

5. "Payroll Expenses/Taxes" means the cost of labor, payroll, and applicable taxes to operate and manage the Businesses in 2021.

6. "Rent" is the cost to lease the retail spaces from which the Businesses are operated.

7. "Supplies" means the cost of operating supplies used to operate and manage the day-to-day business of each Business.

8. "Total Expenses" means all of the operating expenses associated with operating and managing the day-to-day business of each Business.

9. "Net Income" means the Gross Profit less the Total Expenses.

10. "Imputed Royalty Fee" and "Imputed Marketing Fund Contribution" mean the 5% royalty fee and the 1% Marketing Fund Contribution that these Businesses would have paid if they were franchised.

11. We have not included any information regarding franchised Businesses because we did not have any franchised Businesses in operation for the entirety of 2021.

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

Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Lindsay Rose Rando, 26 Wyman Road, Marblehead, Massachusetts 01945 and (978) 273-5642, the Federal Trade Commission, and the appropriate state regulatory agencies.

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## Item 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**Systemwide Outlet Summary**
**For Years 2020 to 2022**

| (1) Outlet Type | (2) Year | (3) Outlets at the Start of the Year | (4) Outlets at the End of the Year | (5) Net Change |
|---|---|---|---|---|
| Franchised | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | +1 |
| Company-Owned | 2020 | 6 | 6 | 0 |
| | 2021 | 6 | 7 | +1 |
| | 2022 | 7 | 8 | +1 |
| Total Outlets | 2020 | 6 | 6 | 0 |
| | 2021 | 6 | 7 | +1 |
| | 2022 | 7 | 9 | +2 |

**Table 2**
**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)**
**For Years 2020 to 2022**

| (1) State | (2) Year | (3) Number of Transfers |
|---|---|---|
| N/A | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Total | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |

**Table 3**
**Status of Franchised Outlets**
**For Years 2020 to 2022**

| (1) State | (2) Year | (3) Outlets at the Start of the Year | (4) Outlets Opened | (5) Termin-ations | (6) Non-Renewals | (7) Reacquired By Franchisor | (8) Ceased Operations – Other Reasons | (9) Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| MA | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

**Table 4**
**Status of Company-Owned Outlets**
**For Years 2020 to 2022**

| (1) State | (2) Year | (3) Outlets at the Start of the Year | (4) Outlets Opened | (5) Outlets Reacquired from Franchisee | (6) Outlets Closed | (7) Outlets Sold to Franchisee | (8) Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| CT | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 |
| ME | 2020 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| MA | 2020 | 5 | 0 | 0 | 1 | 0 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2022 | 4 | 0 | 0 | 0 | 0 | 4 |
| NH | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| RI | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2020 | 6 | 1 | 0 | 1 | 0 | 6 |
| | 2021 | 6 | 1 | 0 | 0 | 0 | 7 |
| | 2022 | 7 | 1 | 0 | 0 | 0 | 8 |

**Table 5**
**Projected Openings as of December 31, 2022**

| (1) State | (2) Franchise Agreements Signed But Outlet Not Opened | (3) Projected New Franchised Outlets in the Next Fiscal Year | (4) Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| CA | 0 | 2 | 0 |
| MA | 0 | 2 | 0 |
| NC | 0 | 1 | 0 |
| PA | 0 | 1 | 0 |
| RI | 0 | 1 | 0 |

| (1)<br><br>State | (2)<br><br>Franchise Agreements Signed But Outlet Not Opened | (3)<br><br>Projected New Franchised Outlets in the Next Fiscal Year | (4)<br>Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| SC | 0 | 1 | 0 |
| Totals | 0 | 8 | 0 |

A list of the names of all franchisees and the addresses and telephone numbers of their Businesses as of the date of this disclosure document are listed in Exhibit G to this disclosure document. A list of the names, city, and state and current business telephone numbers or last-known home telephone numbers of all franchisees who have had a Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business as of the date of this disclosure document or who have not communicated with us within ten weeks of the date of this disclosure document are listed in Exhibit H to this disclosure document.

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

No franchisees have signed confidentiality clauses during the last three fiscal years.

We do not know of any trademark-specific franchisee organization associated with the System.

## Item 21
## FINANCIAL STATEMENTS

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** The following are our audited financial statements for our 2022 fiscal year. Our fiscal year end is December 31.

## Item 22
## CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Bobbles and Lace Franchise, LLC Franchise Agreement
C. Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement
D. State Addenda and Riders

## Item 23
## RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document as Exhibit I.

**EXHIBIT A**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| CALIFORNIA | California Department of Financial Protection and Innovation<br>One Sansome Street<br>Suite 600<br>San Francisco, CA 94104-4428<br>(415) 972-856<br><br>2101 Arena Boulevard<br>Sacramento, CA 95834<br>(916) 445-2705<br><br>1350 Front Street<br>Room 2034<br>San Diego, CA 92101<br>(619) 525-4233<br><br>320 West Fourth Street<br>Suite 750<br>Los Angeles, CA 90013-2344<br>(213) 576-7500<br><br>45 Fremont Street<br>Suite 1700<br>San Francisco, CA 94105<br>(415) 263-8500<br><br>300 South Spring Street<br>Suite 15513<br>Los Angeles, CA 90013<br>(213) 897-2085<br><br>7575 Metropolitan Drive<br>Suite 108<br>San Diego, CA 92108<br>(619) 682-7227<br><br>Toll-free Telephone Number: (866) 275-2677<br>Email Address: ask.dbo@dfpi.ca.gov | Commissioner of Financial Protection and Innovation<br>320 West Fourth Street<br>Suite 750<br>Los Angeles, CA 90013-2344<br>(213) 576-7500 |
| CONNECTICUT | Securities and Business Investment Division<br>Connecticut Department of Banking<br>44 Capitol Avenue<br>Hartford, CT 06106<br>(203) 240-8299 | Connecticut Banking Commissioner<br>44 Capitol Avenue<br>Hartford, CT 06106<br>(203) 240-8299 |
| FLORIDA | Department of Agriculture and Consumer Services<br>Division of Consumer Services<br>Mayo Building<br>Second Floor<br>Tallahassee, FL 32399-0800<br>(904) 922-2770 | Department of Agriculture and Consumer Services<br>Division of Consumer Services<br>Mayo Building<br>Second Floor<br>Tallahassee, FL 32399-0800<br>(904) 922-2770 |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| GEORGIA | Office of Consumer Affairs<br>Two Martin Luther King Drive, S.E.<br>Plaza Level, East Tower<br>Atlanta, GA 30334<br>(404) 656-3790 | Office of Consumer Affairs<br>Two Martin Luther King Drive, S.E.<br>Plaza Level, East Tower<br>Atlanta, GA 30334<br>(404) 656-3790 |
| HAWAII | State of Hawaii<br>Business Registration Division<br>Securities Compliance Branch<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | Hawaii Commissioner of Securities<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 |
| ILLINOIS | Franchise Division<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | Illinois Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 |
| INDIANA | Securities Commissioner<br>Indiana Securities Division<br>302 West Washington Street, Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>201 State House<br>200 West Washington Street<br>Indianapolis, IN 46204 |
| IOWA | Iowa Securities Bureau<br>Second Floor<br>Lucas State Office Building<br>Des Moines, IA 50319<br>(515) 281-4441 | Iowa Securities Bureau<br>Second Floor<br>Lucas State Office Building<br>Des Moines, IA 50319<br>(515) 281-4441 |
| KENTUCKY | Kentucky Attorney General's Office<br>Consumer Protection Division<br>1024 Capitol Center Drive<br>Frankfort, KY 40602<br>(502) 573-2200 | Kentucky Attorney General's Office<br>Consumer Protection Division<br>1024 Capitol Center Drive<br>Frankfort, KY 40602<br>(502) 573-2200 |
| LOUISIANA | Department of Urban and Community Affairs<br>Consumer Protection Office<br>301 Main Street<br>Sixth Floor<br>One America Place<br>Baton Rouge, LA 70801<br>(504) 342-7013 | Department of Urban and Community Affairs<br>Consumer Protection Office<br>301 Main Street<br>Sixth Floor<br>One America Place<br>Baton Rouge, LA 70801<br>(504) 342-7013 |
| MAINE | Department of Business Regulations<br>State House – Station 35<br>Augusta, ME 04333<br>(207) 298-3671 | Department of Business Regulations<br>State House – Station 35<br>Augusta, ME 04333<br>(207) 298-3671 |
| MARYLAND | Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202<br>(410) 576-7044 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202<br>(410) 576-7044 |
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 G. Mennen Williams Building<br>Lansing, MI 48913<br>(517) 373-7117 | Michigan Department of Commerce<br>Corporations and Securities Bureau<br>670 G. Mennen Williams Building<br>Lansing, MI 48913<br>(517) 373-7117 |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| MINNESOTA | Minnesota Department of Commerce<br>85 Seventh Place East<br>Suite 280<br>St. Paul, MN 55101<br>(651) 296-4026 | Minnesota Commissioner of Commerce<br>85 Seventh Place East<br>Suite 280<br>St. Paul, MN 55101<br>(651) 296-4026 |
| NEBRASKA | Department of Banking and Finance<br>1230 "O" Street<br>Suite 400<br>Lincoln, NE 68508<br>P.O. Box 95006<br>Lincoln, NE 68509-5006<br>(402) 471-3445 | Department of Banking and Finance<br>1230 "O" Street<br>Suite 400<br>Lincoln, NE 68508<br>P.O. Box 95006<br>Lincoln, NE 68509-5006<br>(402) 471-3445 |
| NEW HAMPSHIRE | Attorney General<br>Consumer Protection and Antitrust Bureau<br>State House Annex<br>Concord, NH 03301<br>(603) 271-3641 | Attorney General<br>Consumer Protection and Antitrust Bureau<br>State House Annex<br>Concord, NH 03301<br>(603) 271-3641 |
| NEW YORK | New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty Street<br>21st Floor<br>New York, NY 10005<br>(212) 416-8222 | New York Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231<br>(518) 473-2492 |
| NORTH CAROLINA | North Carolina Secretary of State's Office<br>Securities Division<br>Legislative Annex Building<br>300 Salisbury Street<br>Raleigh, NC 27602<br>(919) 733-3924 | North Carolina Secretary of State<br>North Carolina Secretary of State's Office<br>300 Salisbury Street<br>Raleigh, NC 27602 |
| NORTH DAKOTA | North Dakota Securities Department<br>600 East Boulevard Avenue<br>State Capitol<br>Fifth Floor<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | North Dakota Securities Commissioner<br>600 East Boulevard Avenue<br>State Capitol<br>Fifth Floor<br>Bismarck, ND 58505-0510<br>(701) 328-4712 |
| OHIO | Attorney General<br>Consumer Fraud and Crime Section<br>State Office Tower<br>30 East Broad Street<br>Fifteenth Floor<br>Columbus, OH 43215<br>(614) 466-8831 | Attorney General<br>Consumer Fraud and Crime Section<br>State Office Tower<br>30 East Broad Street<br>Fifteenth Floor<br>Columbus, OH 43215<br>(614) 466-8831 |
| OKLAHOMA | Oklahoma Securities Commission<br>2915 Lincoln Boulevard<br>Oklahoma City, OK 73105<br>(405) 521-2451 | Oklahoma Securities Commission<br>2915 Lincoln Boulevard<br>Oklahoma City, OK 73105<br>(405) 521-2451 |
| OREGON | Oregon Department of Insurance and Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, OR 96310<br>(503) 378-4387 | Director<br>Oregon Department of Insurance and Finance<br>Labor and Industries Building<br>Salem, OR 96310<br>(503) 378-4387 |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| RHODE ISLAND | Rhode Island Division of Securities<br>233 Richmond Street<br>Suite 232<br>Providence, RI 02903-4232<br>(401) 277-3048 | Director of the Rhode Island<br>Department of Business Regulation<br>Rhode Island Attorney General<br>233 Richmond Street<br>Providence, RI 02903-4232 |
| SOUTH CAROLINA | South Carolina Secretary of State<br>P.O. Box 11350<br>Columbia, SC 29211<br>(803) 734-2166 | South Carolina Secretary of State<br>P.O. Box 11350<br>Columbia, SC 29211<br>(803) 734-2166 |
| SOUTH DAKOTA | South Dakota Department of Labor and Regulation<br>Division of Insurance<br>124 South Euclid<br>Suite 104<br>Pierre, SD 57501<br>(605) 773-4823 | Director of South Dakota Division of Insurance<br>124 South Euclid<br>Suite 104<br>Pierre, SD 57501<br>(605) 773-4823 |
| TEXAS | Texas Secretary of State<br>Statutory Documents Section<br>P.O. Box 12887<br>Austin, TX 78711-2887<br>(512) 475-1769 | Texas Secretary of State<br>Statutory Documents Section<br>P.O. Box 12887<br>Austin, TX 78711-2887<br>(512) 475-1769 |
| UTAH | Utah Department of Commerce<br>Consumer Protection Division<br>160 East 300 South<br>P.O. Box 45804<br>Salt Lake City, UT 84145-0804<br>(801) 530-6601 | Utah Department of Commerce<br>Consumer Protection Division<br>160 East 300 South<br>P.O. Box 45804<br>Salt Lake City, UT 84145-0804<br>(801) 530-6601 |
| VIRGINIA | Virginia State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street<br>Ninth Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of the State Corporation Commission<br>Virginia State Corporation Commission<br>1300 East Main Street<br>Richmond, VA 23219 |
| WASHINGTON | Director of Department of Financial Institutions<br>Washington Securities Division<br>150 Israel Road SW<br>Tumwater, WA 98501<br>(360) 902-8762 | Department of Financial Institutions<br>150 Israel Road SW<br>Tumwater, WA 98501 |
| WISCONSIN | Wisconsin Department of Financial Institutions<br>Division of Securities<br>345 West Washington Avenue<br>Fourth Floor<br>Madison, WI 53703<br>(608) 266-8557 | Wisconsin Commissioner of Securities<br>345 West Washington Avenue<br>Fourth Floor<br>Madison, WI 53703<br>(608) 266-8557 |

**EXHIBIT B**

**BOBBLES AND LACE FRANCHISE, LLC**
**FRANCHISE AGREEMENT**

# BOBBLES AND LACE FRANCHISE, LLC
# FRANCHISE AGREEMENT

| SUMMARY PAGE | |
|---|---|
| **1. Franchisee:** | _____ |
| **2. Initial Franchise Fee:** | _____ |
| **3. Initial Training Fee:** | _____ |
| **4. Development Area:** | _____ |
| **5. Opening Deadline:** | _____ |
| **6. Principal Executive:** | _____ |
| **7. Franchisee's Address:** | _____ |

**BOBBLES AND LACE FRANCHISE, LLC**
**FRANCHISE AGREEMENT**

This BOBBLES AND LACE FRANCHISE, LLC FRANCHISE AGREEMENT (the "Agreement") is made between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company located at 26 Wyman Road, Marblehead, Massachusetts 01945 ("Bobbles and Lace"), and _____, a _____ located at _____ ("Franchisee") and effective as of the date executed by Bobbles and Lace (the "Effective Date").

RECITALS

A. Bobbles and Lace and its affiliates have created and own a system (the "System") for developing and operating a fashion forward boutique retail store (a "Business") that caters in styling women head to toe with an emphasis on styling under the trade name "Bobbles & Lace" and other proprietary trademarks (collectively, the "Trademarks").

B. The System includes, without limitation, (i) methods, procedures, and standards for developing and operating a Business, (ii) plans, specifications, equipment, signage, and trade dress for Businesses, (iii) particular proprietary and non-proprietary products and services, (iv) the Trademarks, (v) training programs, (vi) business knowledge, (vii) marketing plans and concepts, and (viii) other mandatory or optional elements as determined by Bobbles and Lace from time-to-time.

C. The parties desire that Bobbles and Lace license the System to Franchisee for Franchisee to develop and operate a Business on the terms and conditions of this Agreement.

AGREEMENT

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

ARTICLE 1. DEFINITIONS

"Action" means any formal or informal action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgement, or appeal thereof.

"Approved Vendor" means a supplier, vendor, or distributor of Inputs that has been approved by Bobbles and Lace.

"Bobbles and Lace Parties" means Bobbles and Lace, its subsidiaries, affiliates, and their respective owners, directors, officers, employees, agents, successors, and assignees.
"Competitor" means any business that offers specialty women's retail items, fashion accessories, apparel, and other clothing items for sale.

"Confidential Information" means all non-public information of or about the System, Bobbles and Lace, and any Business including, without limitation, all methods for developing and operating a Business and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

"Cooperative" means a local or regional advertising cooperative within a designated market determined by Bobbles and Lace.

"Cooperative Contribution" means a contribution made by Franchisee to a Cooperative equal to no less than 1% and no more than 5% of Gross Sales.

"Franchisee Party" means any of Franchisee, any Owner, or any spouse of an Owner.

"Gross Sales" means all amounts generated by Franchisee's Business whether for cash, check, credit, gift cards, barter, or any other means of exchange including, without limitation, payments for any products or services, proceeds of any business interruption insurance policies, and all revenues derived from tenants or subtenants of Franchisee including, without limitation, rent and any other lease payment. Gross Sales does not include *bona fide* refunds to customers, sales taxes collected, proceeds from the sale of used equipment not in the ordinary course of business, or sales of prepaid gift cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

"General Release" means Bobbles and Lace's then-current form of general release (Attachment 5).

"Guarantee" means the Guarantee and Non-Competition Agreement pursuant to which all Owners and any other individuals Bobbles and Lace determines in Bobbles and Lace's reasonable discretion guarantee such individuals' obligations pursuant to the Agreement (Attachment 3).

"Initial Franchise Fee" means a nonrefundable $20,000.00 fee paid by Franchisee to Bobbles and Lace for the right to operate Franchisee's Business.

"Initial Training Fee" means a nonrefundable $20,000.00 fee paid by Franchisee to Bobbles and Lace for Bobbles and Lace's initial training program.

"Innovations" means all ideas, plans, improvements, concepts, methods, and techniques relating to Franchisee's Business conceived or developed by Franchisee or Franchisee's employees, agents, or contractors.

"Input" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating Franchisee's Business.

"Lease Rider" means the Rider to Lease pursuant to which Bobbles and Lace is granted certain rights regarding the Location by Franchisee's landlord (Attachment 4).

"Location" means the location stated on the Location Acceptance Letter.

"Location Acceptance Letter" means the document evidencing the Location (Attachment 2).

"Losses" means, without limitation, any losses, damages, fines, charges, expenses, lost profits, reasonable attorneys' fees, travel expenses, expert witness fees, court costs, settlement amounts, judgements, loss of Bobbles and Lace's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising materials, costs of media time and space, and costs of changing, substituting, or replacing the same, and any other expenses of recall, refunds, compensation, public notices, and other amounts incurred in connection with the described matters.

"Manual" means, without limitation, Bobbles and Lace's brand standards manual and any directives, books, pamphlets, bulletins, memoranda, roll out guides, order forms, packing slips, invoices, letters, email, Internet or Intranet data, manuals, electronic materials, written materials, audio materials, websites, training materials, other publications, documents, software programs, videotapes, transmittances,

or communications in whatever form (including electronic form) prepared by or on behalf of Bobbles and Lace for use by franchisees generally or for Franchisee in particular setting forth information, advice, standards, requirements, marketing information and procedures, operating procedures, instructions, or policies relating to the operation of a Business, use of the Trademarks, or the System as they may be added to, deleted, or otherwise amended by Bobbles and Lace from time-to-time.

"Marketing Fund" means the fund established by Bobbles and Lace into which Marketing Fund Contributions are deposited.

"Marketing Fund Contribution" means a monthly contribution paid by Franchisee to the Marketing Fund equal to 1% of Franchisee's Gross Sales or such lesser amount as Bobbles and Lace determines.

"Minimum Royalty" means a $500.00 Royalty Fee per month made after the sixth month of the operation of Franchisee's Business.

"Owner" means each person or entity that directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then Owner means Franchisee.

"Principal Executive" means the individual primarily responsible for the operations of Franchisee's Business who has decision-making authority on behalf of Franchisee's Business.

"Remodel" means a refurbishment, renovation, or remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Trademarks, and other System Standards in a manner consistent with the image then in effect for a new Business.

"Renewal Fee" means a $10,000.00 fee paid by Franchisee to renew the term of this Agreement for an additional ten-year term.

"Required Vendor" means a supplier, vendor, or distributor of Inputs that Bobbles and Lace requires franchisees to use.

"Royalty Fee" means a monthly royalty fee paid by Franchisee to Bobbles and Lace equal to the greater of (i) 5% of Franchisee's Gross Sales or (ii) the Minimum Royalty.

"Statement of Ownership" means the informational document attached to the Agreement (Attachment 1).

"System Standards" means the then-current mandatory procedures, requirements, and standards of the System as determined by Bobbles and Lace including, without limitation, any procedures, requirements and standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures, and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of the Trademarks, product and service offerings, quality of products and services (including any guarantee or warranty programs), reporting, safety, technology (including computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup systems, and archiving systems,), communications systems (including email, audio, and video systems), payment acceptance systems, Internet access, and any upgrades, supplements, and modifications thereto, temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

"Territory" means the geographic area stated on the Location Acceptance Letter.

"Territory Minimum" means a minimum $500.00 Royalty Fee made by Franchisee to Bobbles and Lace each month beginning on the sixth month of the operation of Franchisee's Business to maintain Franchisee's territorial protections in the Territory.

"Transfer" means for Franchisee or any Owner to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of Franchisee's Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee's Business, or (iv) control of Franchisee's Business.

"Website" means a website for the System maintained by Bobbles and Lace that includes information about and the telephone number for Franchisee's Business.

## ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Bobbles and Lace grants to Franchisee the right to operate a Business solely at the Location. If no Location is stated on the Summary Page as of the Effective Date, then the parties will determine the Location in accordance with Section 6.1. Franchisee will develop, open, and operate Franchisee's Business at the Location for the entire term of this Agreement.

2.2 Protected Territory. Subject to Franchisee's meeting the Territory Minimum, Bobbles and Lace will neither establish nor license the establishment of another Business within the Territory selling the same or similar goods or services under the Trademarks or similar trademarks. This prohibition does not apply to any Business operating or under construction when the Territory is determined. Failure to meet the Territory Minimum is not a default under the Agreement. Notwithstanding the foregoing, Bobbles and Lace retains the right to:

(a) Establish and license others to establish and operate Businesses outside the Territory, notwithstanding proximity to the Territory or potential impact on Franchisee's Business;

(b) Operate or license others to operate businesses anywhere in the world that do not sell the same or similar goods or services as Businesses under the Trademarks or marks similar to the Trademarks; and

(c) Sell or license others to sell products and services in the Territory through other channels of distribution including, without limitation, catalog sales, telemarketing, or other direct marketing sales.

2.3 Franchisee Control. Franchisee represents that the Statement of Ownership (i) identifies each Owner, officer, and director of Franchisee, and (ii) describes the nature and extent of each Owner's interest in Franchisee. Franchisee will report any change in the Statement of Ownership information that is not a Transfer to Bobbles and Lace within ten business days prior to the date such changes take effect.

2.4 Principal Executive. Franchisee will appoint Franchisee's Principal Executive subject to Bobbles and Lace's prior approval. The Principal Executive must own at least a 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of Franchisee's Business, but the Principal Executive must devote substantial time and attention to Franchisee's Business. If the Principal Executive dies, becomes incapacitated, transfers the Principal Executive's interest in Franchisee, or otherwise ceases to be the individual primarily responsible for Franchisee's Business,

Franchisee will promptly designate a new Principal Executive subject to Bobbles and Lace's prior approval which will not be unreasonably withheld.

2.5 Guarantee. If Franchisee is an entity, each Owner or other individual that Bobbles and Lace determines in Bobbles and Lace's reasonable discretion will sign the Guarantee.

2.6 No Conflict. Franchisee represents to Bobbles and Lace that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

## ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for ten years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement subject to the following conditions prior to the date of expiration:

(a) Franchisee notifies Bobbles and Lace of Franchisee's election to renew the Agreement between 90 and 180 days prior to the end of the then-current term;

(b) Franchisee and its affiliates are in compliance with this Agreement and all other agreements with Bobbles and Lace or any of its affiliates at the time of Franchisee's election to renew and at the time of renewal;

(c) Franchisee has made or agrees to make within a period of time reasonably acceptable to Bobbles and Lace a Remodel or such renovations and changes to Franchisee's Business as Bobbles and Lace requires to conform Franchisee's Business to the then-current System Standards;

(d) Franchisee and its Owners execute Bobbles and Lace's then-current standard form of franchise agreement and related documents which may be materially different than this Agreement (including, without limitation, higher or different fees);

(e) Franchisee pays the Renewal Fee upon execution of the renewal franchise agreement; and

(f) Franchisee and each Owner execute a General Release releasing any claims against the Bobbles and Lace Parties.

3.3 Limitation on Renewals. Franchisee may renew the term of this Agreement for a maximum of two additional ten-year terms subject to the conditions of Section 3.2.

## ARTICLE 4. FEES

4.1 Initial Franchise Fee. Franchisee will pay Bobbles and Lace the Initial Franchise Fee upon Franchisee's execution of this Agreement.

4.2 Initial Training Fee. Franchisee will pay Bobbles and Lace the Initial Training Fee upon Franchisee's execution of this Agreement.

4.3 Royalty Fee. Franchisee will pay Bobbles and Lace the Royalty Fee after Franchisee's Business is open for Business.

4.4 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee will pay Bobbles and Lace the Marketing Fund Contributions at the same time as the Royalty Fee.

(b) Cooperative Contribution. If Franchisee's Business participates in a Cooperative, then Franchisee will pay Cooperative Contributions to the Cooperative as determined by the Cooperative. Cooperative Contributions will be credited against Franchisee's required local advertising expenditures.

4.5 Additional/Replacement Training Fee. If Franchisee sends an employee to Bobbles and Lace's training program after Franchisee's Business opens for business, Bobbles and Lace may charge Franchisee its then-current training fee in Bobbles and Lace's discretion plus Bobbles and Lace's associated expenses (such as travel, lodging, and meals) for employees providing any onsite training.

4.6 Non-Compliance Fee. Bobbles and Lace may charge Franchisee $500.00 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Bobbles and Lace) that Franchisee fails to cure after 30 days' notice. Bobbles and Lace may charge Franchisee an additional $250.00 per week until Franchisee ceases such non-compliance. This non-compliance fee is in addition to any of Bobbles and Lace's other rights and remedies including, without limitation, default and termination.

4.7 Reimbursement. Bobbles and Lace may, but is not obligated to, pay any amount that Franchisee owes to a supplier or other third party on Franchisee's behalf. Franchisee will pay such amount plus a 10% administrative charge to Bobbles and Lace within 15 days after invoice by Bobbles and Lace accompanied by reasonable documentation for any such payment.

4.8 Payment Terms.

(a) Method of Payment. Franchisee will pay Royalty Fees, Marketing Fund Contributions, and any other amounts owed to Bobbles and Lace by pre-authorized bank draft or in such other manner as Bobbles and Lace may require. Franchisee will comply with Bobbles and Lace's payment instructions.

(b) Calculation of Fees. Franchisee will report weekly Gross Sales to Bobbles and Lace by Tuesday of the following week. If Franchisee fails to report weekly Gross Sales, Bobbles and Lace may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Bobbles and Lace and the parties will reconcile the actual fees owed after Franchisee reports Gross Sales. Bobbles and Lace may remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Payment Fee. Franchisee will pay a $100.00 fee plus interest on the unpaid amount at a rate equal to the greater of (i) 18% APR or (ii) the highest rate allowed by law if Franchisee does not make any payment to Bobbles and Lace in a timely manner.

(d) Insufficient Funds Fee. Bobbles and Lace may charge Franchisee the greater of (i) $30.00 or (ii) the highest amount allowed by law for any payment returned for insufficient funds.

(e) Collection Costs. Franchisee will repay any costs incurred by Bobbles and Lace (including reasonable attorney fees) in attempting to collect payments owed by Franchisee to Bobbles and Lace.

(f) Application. Bobbles and Lace may apply any payment received from Franchisee to any obligation and in any order as Bobbles and Lace determines regardless of any designation by Franchisee.

(g) Independent Obligations and No Right of Set-Off. The obligations of Franchisee to pay to Bobbles and Lace any fees or amounts described in this Agreement are standalone covenants that are independent of Bobbles and Lace's performance obligations pursuant to this Agreement. Franchisee will make all such payments without set-off or deduction unless Franchisee obtains Bobbles and Lace's prior approval.

(h) Taxes. Franchisee is responsible for all sales taxes, use taxes, and other taxes imposed on any fees payable by Franchisee to Bobbles and Lace or its affiliates for services or goods furnished to Franchisee by Bobbles and Lace or its affiliates unless such tax is an income tax.

## ARTICLE 5. ASSISTANCE

5.1 Manual. Bobbles and Lace will make the Manual available to Franchisee during the term of this Agreement.

5.2 Pre-Opening Obligations.

(a) Selecting Franchisee's Business Site. Bobbles and Lace will review and advise Franchisee regarding potential sites for Franchisee's Business that Franchisee submits to Bobbles and Lace for Bobbles and Lace's approval. Bobbles and Lace will issue the Location Acceptance Letter when Bobbles and Lace approves a site for Franchisee's Business to be the Location. Bobbles and Lace will approve or disapprove of a proposed site for Franchisee's Business within 30 days after Franchisee submits all of the documents and information required by Bobbles and Lace. If the parties cannot agree on a site for Franchisee's Business, Franchisee will be unable to comply with Franchisee's obligation to develop and open Franchisee's Business by the deadline stated in this Agreement. Unless the parties agree to extend the deadline, Franchisee will be in default of this Agreement and this Agreement will be subject to termination by Bobbles and Lace in Bobbles and Lace's discretion.

(b) Constructing, Remodeling, or Decorating Franchisee's Business Site. Bobbles and Lace will advise Franchisee regarding the layout, design, and build-out of Franchisee's Business site. Bobbles and Lace is not obligated to assist Franchisee in conforming Franchisee's Business site to local ordinances and building codes and obtaining any required permits.

(c) Hiring and Training Employees. Bobbles and Lace's opening support includes assisting Franchisee in training employees. Notwithstanding the foregoing, all hiring decisions and conditions of employment are Franchisee's sole responsibility.

(d) Necessary Equipment, Signs, Fixtures, Opening Inventory, and Supplies. Bobbles and Lace will provide Franchisee with a list of Bobbles and Lace's specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open Franchisee's Business. Bobbles and Lace will not provide these items directly and only provides the names of approved suppliers. Bobbles and Lace will not deliver or install these items.

(e) Initial Training Program. Bobbles and Lace will conduct Bobbles and Lace's initial training program.

(f) Market Introduction Plan. Bobbles and Lace will advise you regarding the planning and execution of Franchisee's market introduction plan.

(g) Onsite Opening Support. Franchisee will provide a representative for onsite support for at least two days in connection with Franchisee's Business opening at Bobbles and Lace's expense.

5.3 Post-Opening Obligations.

(a) Developing Products or Services Franchisee Will Offer to Franchisee's Customers. This Agreement does not obligate Bobbles and Lace to refine and develop products or services that Franchisee will offer to Franchisee's customers, but it is Bobbles and Lace's intent and practice to do so.

(b) Hiring and Training Employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

(c) Improving and Developing Franchisee's Business; Problem Resolution. At Franchisee's request, Bobbles and Lace will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's Business and resolving problems Franchisee encounters to the extent Bobbles and Lace deems reasonable. If Bobbles and Lace provides in-person support in response to Franchisee's request, Bobbles and Lace may charge a fee plus any associated expenses (such as travel, lodging, and meals) for employees providing onsite support.

(d) Establishing Prices. Bobbles and Lace may determine prices Franchisee charges for goods and services to the extent permitted by applicable law.

(e) Establishing Administrative, Bookkeeping, Accounting, and Inventory Control Procedures. Bobbles and Lace will provide Franchisee with Bobbles and Lace's recommended procedures for administration, bookkeeping, accounting, and inventory control. Bobbles and Lace may make any such procedures part of required (and not merely recommended) procedures for the System.

(f) Marketing Fund. Bobbles and Lace will administer the Marketing Fund and prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Bobbles and Lace's fiscal year. Bobbles and Lace will provide the financial statement to Franchisee upon request.

(g) Website. Bobbles and Lace will maintain the Website.

(h) Social Media. Franchisee will manage Franchisee's own social media platforms with Bobbles and Lace's guidance in accordance with Bobbles and Lace's policies, procedures, and guidelines.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory.

(a) Franchisee will find a potential Location within the Development Area described on the Summary Page. Franchisee will submit its proposed Location to Bobbles and Lace for acceptance

with all related information and documents Bobbles and Lace requests. A proposed Location will be deemed rejected if Bobbles and Lace does not accept the proposed Location in writing within 30 days of submission.

(b) Bobbles and Lace will issue a Location Acceptance Letters describing the Location and Territory after Bobbles and Lace accepts Franchisee's Location. Bobbles and Lace will determine the Territory in substantial accordance with Item 12 of Bobbles and Lace's Franchise Disclosure Document using Bobbles and Lace's reasonable discretion. If Bobbles and Lace fails to state the Territory in writing before Franchisee opens Franchisee's Business to the public, the Territory will be deemed to be the aggregate closest ZIP codes adjacent to the Location with a total population of 100,000 residents.

(c) **Bobbles and Lace's advice regarding a Location or acceptance of a Location is not a representation or warranty that Franchisee's Business will be successful. Bobbles and Lace has no liability to Franchisee with respect to the location of Franchisee's Business.**

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location, (i) Franchisee must submit the proposed lease to Bobbles and Lace for written approval prior to lease execution, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee will use commercially reasonable efforts to obtain the landlord's signature on the Lease Rider.

6.3 Development. Franchisee will construct or remodel the Location in conformity with the System Standards. Franchisee will engage an architect licensed in the Location's jurisdiction if required by Bobbles and Lace. Franchisee will not begin any construction or remodeling work without first obtaining Bobbles and Lace's approval of Franchisee's plans for the Location. Bobbles and Lace may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee will not rely upon any information provided or opinions expressed by Bobbles and Lace or its representatives regarding any architectural, engineering, or legal matters (including, without limitation, the Americans With Disabilities Act) in the development and construction of Franchisee's Business, and Bobbles and Lace assumes no liability with respect thereto. Bobbles and Lace's inspection or approval to open Franchisee's Business is not a representation or a warranty that Franchisee's Business has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 New Franchisee Training. The Principal Executive must complete Bobbles and Lace's training program for new franchisees to Bobbles and Lace's satisfaction at least four weeks before Franchisee's Business opens for business.

6.5 Conditions to Opening. Franchisee will notify Bobbles and Lace at least 30 days before Franchisee intends to open Franchisee's Business for business. Before opening, Franchisee must satisfy all of the following conditions:

(a) Franchisee is in compliance with this Agreement;

(b) Franchisee has obtained all applicable governmental permits, licenses, and authorizations;

(c) Franchisee's Business conforms to all applicable System Standards;

(d) Bobbles and Lace has inspected and approved Franchisee's Business;

(e) Franchisee has hired sufficient employees to operate Franchisee's Business in Bobbles and Lace's reasonable determination;

(f) Franchisee's officers and employees have completed all of Bobbles and Lace's required pre-opening training; and

(g) Bobbles and Lace has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee must open Franchisee's Business for business on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee will comply with all mandatory obligations contained in the Manual and with all other System Standards during the term of this Agreement at Franchisee's expense.

7.2 Compliance with Law. Franchisee and Franchisee's Business will comply with all applicable laws and regulations. Franchisee and Franchisee's Business will obtain and keep in force all required governmental permits, licenses, and authorizations.

7.3 Products, Services, and Methods of Sale. Franchisee's Business will offer all products and services, and only those products and services, prescribed by Bobbles and Lace in the Manual or otherwise in writing. Franchisee will make sales only to retail customers only at the Location. Unless otherwise approved by Bobbles and Lace, Franchisee will not make sales by any other means including, without limitation, by wholesale, by delivery, by mail order, over the Internet, or at temporary or satellite locations. Franchisee will maintain sufficient levels of inventory at all times. Franchisee will provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and in conformance with the System Standards. Franchisee will implement any guaranties, warranties, or similar commitments regarding products or services that Bobbles and Lace requires.

7.4 Prices. Franchisee acknowledges that the System Standards determined by Bobbles and Lace may include the minimum, maximum, or exact prices that franchisees may charge for products or services sold to the extent permitted by applicable law.

7.5 Personnel.

(a) Management. Franchisee's Business must be under the on-site supervision of the Principal Executive or a general manager who has completed Bobbles and Lace's training program at all times.

(b) Service. Franchisee will ensure its personnel render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee will ensure its personnel comply with any dress attire, uniform, personal appearance, and hygiene standards set forth in the Manual.

(d) Qualifications. Bobbles and Lace may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel including, without limitation, recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Bobbles and Lace are not joint employers and no employee of Franchisee will be an agent or employee of Bobbles and Lace. Within seven days of Bobbles and Lace's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not Bobbles and Lace) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors including, without limitation, employment applications, timecards, pay checks, and employment and independent contractor agreements. Franchisee will not use the Trademarks on any of these or any other employment-related documents.

7.6 Post-Opening Training. Bobbles and Lace may at any time require that the Principal Executive or any other employees complete training programs in any format at any location determined by Bobbles and Lace. Bobbles and Lace may charge a reasonable fee for any training programs. Bobbles and Lace may require Franchisee to provide training programs to its employees. Franchisee will pay all associated travel, living and other expenses if a training program is held at a location that requires travel by the attendees.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee will acquire and use all software and related systems required by Bobbles and Lace. Franchisee will enter into any subscription and support agreements that Bobbles and Lace requires. Franchisee will upgrade, update, or replace any software from time-to-time as Bobbles and Lace requires. Franchisee will protect the confidentiality and security of all software systems and abide by any System Standards related thereto. Franchisee will give Bobbles and Lace unlimited access to Franchisee's point-of-sale system and other software systems used in Franchisee's Business by any means Bobbles and Lace designates.

7.8 Customer Complaints. Franchisee will use its best efforts to promptly resolve any customer complaints. Bobbles and Lace may take any action Bobbles and Lace deems appropriate to resolve a customer complaint regarding Franchisee's Business. Bobbles and Lace may require Franchisee to reimburse Bobbles and Lace for any associated expenses.

7.9 Evaluation and Compliance Programs. Franchisee will participate in any programs required by Bobbles and Lace for obtaining customer evaluations, reviewing Franchisee's compliance with the System, or managing customer complaints including, without limitation, a customer feedback system, customer survey programs, and mystery shopping programs at Franchisee's expense. Bobbles and Lace will share the results of these programs with Franchisee as they pertain to Franchisee's Business. Franchisee must meet or exceed any minimum score requirements set by Bobbles and Lace for such programs. Bobbles and Lace may set minimum scores that Franchisee must receive from the public on Internet review sites including, without limitation, Google and Yelp.

7.10 Payment Systems. Franchisee will accept payment from customers in any form or manner Bobbles and Lace designates which may include, without limitation, cash, specific credit or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems. Franchisee will purchase or lease all equipment and enter into all business relationships necessary to accept payments as Bobbles and Lace requires. Franchisee must comply with payment card industry data security standards (PCI-DSS) at all times.

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. Franchisee will sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs designated by Bobbles and Lace in the manner specified by Bobbles and Lace in the Manual or otherwise in writing at Franchisee's expense.

Franchisee will honor all valid gift cards and other pre-paid systems whether issued by Franchisee's Business or another Business. Franchisee will comply with all of Bobbles and Lace's procedures and specifications relating to gift cards, certificates, other pre-paid systems, or customer loyalty, membership/subscription, or incentive programs.

7.12 Maintenance and Repair. Franchisee will keep Franchisee's Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. Franchisee will promptly perform all work on Franchisee's Business premises as Bobbles and Lace prescribes from time-to-time including, without limitation, periodic interior and exterior painting, resurfacing of the parking lot, roof repairs, and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, or décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards, Bobbles and Lace may require Franchisee to undertake and complete a Remodel to Bobbles and Lace's satisfaction in Bobbles and Lace's discretion. Franchisee must complete the Remodel within the timeframe Bobbles and Lace specifies. Bobbles and Lace may require Franchisee to submit plans for Bobbles and Lace's reasonable approval prior to commencing a required Remodel. Bobbles and Lace's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years after the date on which Franchisee was required to complete the prior Remodel.

7.14 Meetings. The Principal Executive will use reasonable efforts to attend all in-person meetings and remote meetings that Bobbles and Lace requires including, without limitation, any national or regional brand conventions. The Principal Executive may not fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee will obtain and maintain insurance policies in the types and amounts as Bobbles and Lace specifies in the Manual. If not specified in the Manual, Franchisee will maintain at least the following insurance coverage:

(i) "Special" causes of loss coverage forms with fire, crime, vandalism, malicious mischief, and extended coverage for all property of Franchisee's Business for full repair and replacement value;

(ii) Business interruption insurance for at least twelve months of income;

(iii) Commercial general liability insurance including products liability and broad form commercial liability coverage written on an "occurrence" policy form with not less than a $1,000,000 single limit per occurrence and a $2,000,000 aggregate limit;

(iv) Business automobile liability insurance including owned, leased, non-owned, and hired automobiles coverage of not less than $1,000,000, and

(v) Workers' compensation coverage as required by law.

(b) Franchisee's insurance policies (other than workers' compensation policies) must (i) list Bobbles and Lace and its affiliates as an additional insured, (ii) include a waiver of subrogation in

favor of Bobbles and Lace and its affiliates, (iii) be primary and non-contributing with any insurance carried by Bobbles and Lace or its affiliates, and (iv) stipulate that Bobbles and Lace will receive 30 days' prior written notice of cancellation.

(c) Franchisee will provide Certificates of Insurance evidencing the required coverage to Bobbles and Lace prior to opening Franchisee's Business for business and upon annual renewal of the insurance coverage or at any other time at Bobbles and Lace's request.

7.16 Obligations to Third Parties. Franchisee will pay all vendors and suppliers in a timely manner. Franchisee will pay all taxes when due. Franchisee will comply with the terms of any loan and make all loan payments when due if Franchisee borrows money. Franchisee will comply with Franchisee's lease for the Location and make all rent payments when due if Franchisee leases the Location.

7.17 Public Relations. Franchisee will not make any public statements including, without limitation, giving interviews or issuing press releases regarding Bobbles and Lace, Franchisee's Business, or any particular incident or occurrence relating to Franchisee's Business without Bobbles and Lace's prior written approval.

7.18 Association with Causes. Franchisee will not (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause in the name of Franchisee's Business without Bobbles and Lace's prior written approval.

7.19 No Other Activity Associated with Franchisee's Business. Franchisee will not engage in any business or other activity at the Location other than operation of Franchisee's Business. Franchisee will not use assets of Franchisee's Business for any purpose other than operating Franchisee's Business. Franchisee will not own or operate any other business except Businesses if Franchisee is an entity.

7.20 No Third Party Management. Franchisee will not engage a third party management company to manage or operate Franchisee's Business without Bobbles and Lace's prior written approval which will not be unreasonably withheld.

7.21 Identification. Franchisee will identify itself as the independent owner of Franchisee's Business as Bobbles and Lace prescribes. Franchisee will display signage prescribed by Bobbles and Lace identifying Franchisee's Business as an independently owned franchise.

7.22 Business Practices. Franchisee will be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Franchisee will comply with any code of ethics or statement of values provided by Bobbles and Lace. Franchisee will not take any action which may injure the goodwill associated with the Trademarks.

## ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee will acquire all Inputs Bobbles and Lace requires in accordance with the System Standards. Bobbles and Lace may require Franchisee to purchase or lease any Inputs from Bobbles and Lace, Bobbles and Lace's designees, Approved Vendors, Required Vendors, or pursuant to Bobbles and Lace's specifications. Bobbles and Lace may change any such requirement or the status of any vendor in Bobbles and Lace's discretion at any time. To make such requirement or change effective, Bobbles and Lace will issue the appropriate revised System Standards to make any new or changed requirement.

8.2 Alternate Vendor Approval. Franchisee must submit a written request for approval and any information, specifications, and samples requested by Bobbles and Lace if Bobbles and Lace requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor and Franchisee desires to purchase the Input from another vendor. Bobbles and Lace may approve or disapprove the alternative vendor in its sole discretion. Bobbles and Lace may condition its approval on such criteria as Bobbles and Lace deems appropriate including, without limitation, evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability, inspections, product testing, and performance reviews. Bobbles and Lace will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. Franchisee must submit a written request for approval and any information, specifications, and samples requested by Bobbles and Lace if Bobbles and Lace requires Franchisee to purchase a particular Input and Franchisee desires to purchase an alternate to the Input. Bobbles and Lace may approve or disapprove the alternative Input in its sole discretion. Bobbles and Lace will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. Bobbles and Lace may negotiate prices and terms with vendors on behalf of the System. Bobbles and Lace may receive rebates, payments, or other consideration from vendors in connection with purchases by franchisees. Bobbles and Lace may, but is not obligated to, collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and impose a reasonable markup or charge for administering the payment program. Bobbles and Lace may implement a centralized purchasing system. Bobbles and Lace may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Bobbles and Lace determines.

8.5 No Liability of Franchisor. Bobbles and Lace will have no liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor including, without limitation, defects, delays, or the unavailability of products or services.

8.6 Product Recalls. If Bobbles and Lace or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee will immediately cease using or selling such item. Franchisee will comply with all instructions from Bobbles and Lace or the vendor, supplier, or manufacturer of such item with respect to such item including, without limitation, the recall, repair, or replacement of such item at Franchisee's expense.

## ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee will not conduct any marketing, advertising, or public relations activities including, without limitation, in-store marketing, websites, online advertising, social media marketing or presence, and sponsorships that have not been approved by Bobbles and Lace. Bobbles and Lace may, but is not obligated to, operate all "social media" accounts on behalf of the System or permit franchisees to operate one or more accounts. Franchisee will comply with the System Standards regarding marketing, advertising, and public relations including, without limitation, any social media policy that Bobbles and Lace prescribes. Franchisee will implement any marketing plans or campaigns determined by Bobbles and Lace.

9.2 Use by Bobbles and Lace. Bobbles and Lace may use any marketing materials or campaigns developed by or on behalf of Franchisee. Franchisee hereby grants an unlimited, perpetual, royalty-free license to Bobbles and Lace for such purpose.

9.3 Marketing Fund. Bobbles and Lace has established the Marketing Fund to promote the System on a local, regional, national, and international level subject to the following conditions:

(a) Account. Bobbles and Lace is not required to hold the Marketing Fund Contributions in a financial account separate from Bobbles and Lace's other accounts;

(b) Use. Bobbles and Lace will use the Marketing Fund only for marketing, advertising, public relations materials, programs, campaigns, and related overhead. The foregoing includes such activities and expenses as Bobbles and Lace reasonably determines and may include, without limitation, development and placement of advertising and promotions, sponsorships, contests and sweepstakes, development of décor, trade dress, Trademarks, or branding, development and maintenance of the Website, other brand websites, social media, Internet activities, e-commerce programs, search engine optimization, market research, public relations, media agency costs, trade shows, other events, printing and mailing, and administrative and overhead expenses related to the Marketing Fund including the compensation of Bobbles and Lace's employees and for accounting, bookkeeping, reporting, legal, and other expenses related to the Marketing Fund;

(c) Discretion. Marketing Fund expenditures need not be proportionate to Franchisee's Marketing Fund Contributions nor provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Bobbles and Lace's sole discretion. Bobbles and Lace has no fiduciary duty with respect to the Marketing Fund;

(d) Contribution by Other Businesses. Bobbles and Lace is not obligated to (i) require any other Businesses (whether owned by other franchisees or by Bobbles and Lace or its affiliates) contribute to the Marketing Fund, or (ii) require other Businesses that contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee;

(e) Surplus or Deficit. Bobbles and Lace may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. Bobbles and Lace may loan such funds to the Marketing Fund on reasonable terms if the Marketing Fund operates at a deficit or requires additional funds at any time; and

(f) Financial Statement. Bobbles and Lace will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Bobbles and Lace's fiscal year and provide the financial statement to Franchisee upon request.

9.4 Cooperatives. Bobbles and Lace may establish a Cooperative in any geographical area. Franchisee will immediately become a member of such Cooperative if a Cooperative for the geographic area encompassing the Location has been established when Franchisee's Business commences operations. Franchisee will become a member of such Cooperative within 30 days of notice from Bobbles and Lace if a Cooperative for the geographic area encompassing the Location is established after Franchisee's Business commences operations. Bobbles and Lace will not require Franchisee to be a member of more than one Cooperative. If Bobbles and Lace establishes a Cooperative:

(a) Governance. Each Cooperative will be organized and governed in a form and manner and commence operations on a date determined by Bobbles and Lace. Bobbles and Lace may require a Cooperative to adopt bylaws or regulations prepared by Bobbles and Lace. Unless otherwise specified by Bobbles and Lace, the activities carried on by each Cooperative will be decided by a majority vote of its members. Bobbles and Lace will be entitled to attend and participate in any meeting of a Cooperative. Any Business owned by Bobbles and Lace in the Cooperative will have the same voting

rights as those owned by franchisees. Each franchisee will be entitled to one vote per Business operated within the Cooperative; provided, however, that a franchisee will not be entitled to vote if it is in default under its franchise agreement. If the members of a Cooperative are unable or fail to determine the manner in which Cooperative monies will be spent, Bobbles and Lace may assume this decision-making authority after ten days' notice to the members of the Cooperative;

(b) Purpose. Each Cooperative will be devoted exclusively to administering regional advertising and marketing programs and developing standardized promotional materials for use by the members in local advertising and promotion subject to Bobbles and Lace's approval;

(c) Approval. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without Bobbles and Lace's prior approval pursuant to Section 9.1. Bobbles and Lace may designate the national or regional advertising agencies used by a Cooperative;

(d) Funding. A majority vote of the Cooperative will determine the dues to be paid by members of a Cooperative, but the dues will be no less than 1% and no more than 5% of Gross Sales;

(e) Enforcement. Only Bobbles and Lace will have the right to enforce the obligations of franchisees who are members of a Cooperative to contribute to the Cooperative; and

(f) Termination. Bobbles and Lace may terminate any Cooperative. Any funds left in a Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Required Spending. Franchisee will spend at least 3% of Gross Sales each month to market Franchisee's Business after Franchisee's Business opens for business. Franchisee will furnish proof of Franchisee's compliance with this Section 9.5 upon Bobbles and Lace's request. Bobbles and Lace has the discretion to determine in good faith what activities constitute "marketing" under this Section 9.5. Bobbles and Lace may give Franchisee a reasonable financial credit against Franchisee's required local marketing expenditures for local marketing efforts Franchisee makes that do not involve a financial expenditure (i.e., social media postings). If Franchisee makes Cooperative Contributions, the amount of Franchisee's Cooperative Contributions will be counted towards Franchisee's required spending under this Section 9.5.

9.6 Market Introduction Plan. Franchisee will develop a market introduction plan and obtain Bobbles and Lace's approval of Franchisee's market introduction plan at least 30 days before the projected opening date of Franchisee's Business.

## ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee will use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Bobbles and Lace specifies in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee will provide such periodic financial reports as Bobbles and Lace specifies in the Manual or otherwise in writing including:

(i) A monthly profit and loss statement and balance sheet for Franchisee's Business within 30 days after the end of each calendar month;

(ii) An annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for Franchisee's Business within 90 days after the end of each calendar year; and

(iii) Any information Bobbles and Lace requests to prepare a financial performance representation for Bobbles and Lace's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee will promptly notify Bobbles and Lace of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or Franchisee's Business, or otherwise involving Franchisee or Franchisee's Business. Franchisee will provide such documents and information related to any Action that Bobbles and Lace requests.

(c) Government Inspections. Franchisee will give Bobbles and Lace copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to Franchisee's Business within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee will submit to Bobbles and Lace any other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to Franchisee's Business as specified in the Manual or that Bobbles and Lace reasonably requests.

10.3 Initial Investment Report. Franchisee will submit a report to Bobbles and Lace detailing Franchisee's investment costs to develop and open Franchisee's Business with costs allocated to the categories described in Item 7 of Bobbles and Lace's franchise disclosure document and with any other information Bobbles and Lace requests within 120 days after Franchisee's Business opens for business.

10.4 Business Records. Franchisee will keep complete and accurate books and records reflecting all expenditures and receipts of Franchisee's Business with supporting documents including, without limitation, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks, and paid invoices for at least three years. Franchisee will keep any other business records Bobbles and Lace specifies in the Manual or otherwise in writing.

10.5 Records Audit. Bobbles and Lace may examine and audit all books, records, and supporting documentation related to Franchisee's Business at any reasonable time. Bobbles and Lace may conduct the audit at the Location or require Franchisee to deliver copies of the books, records, and supporting documentation to a location Bobbles and Lace designates. Franchisee will reimburse Bobbles and Lace for all costs and expenses of an examination or audit if (i) Bobbles and Lace conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any four-week period.

## ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual Modification. The Manual or any part thereof may be in any form or media Bobbles and Lace determines. Bobbles and Lace may supplement, revise, or modify the Manual or change, add, or delete System Standards in Bobbles and Lace's discretion at any time. Bobbles and Lace may inform Franchisee thereof by any method that Bobbles and Lace deems appropriate (which need not qualify as "notice" under Section 18.9). If any dispute regarding the contents of the Manual arises, Bobbles and Lace's master copy will control.

11.2 Inspections. Bobbles and Lace may enter Franchisee's Business premises during normal business hours to conduct an inspection. Franchisee will cooperate with Bobbles and Lace's inspectors. An inspection may include, without limitation, observing operations, conducting a physical inventory count, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, or removing samples of products, supplies, and materials. Bobbles and Lace may record and take photographs of the inspection and Franchisee's Business. Bobbles and Lace may set a minimum score requirement for inspections and Franchisee's failure to meet or exceed the minimum score will be a default of this Agreement. Without limiting Bobbles and Lace's other rights under this Agreement, Franchisee will correct any deficiencies noted during an inspection as soon as is reasonably practical. Bobbles and Lace may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee if Bobbles and Lace conducts an inspection because of a governmental report, customer complaint, other customer feedback, Franchisee's default of this Agreement, or Franchisee's non-compliance with any System Standard (including addressing a previous failed inspection).

11.3 Bobbles and Lace's Right to Cure. Bobbles and Lace may, but has no obligation to, take any action to cure a default on behalf of Franchisee without any liability to Franchisee. Franchisee will reimburse Bobbles and Lace for its costs and expenses including, without limitation, the allocation of any internal costs for such action plus a 10% administrative fee if Franchisee breaches or defaults under any provision of this Agreement.

11.4 Right to Discontinue Supplies Upon Default. Bobbles and Lace may (i) require that Franchisee pay cash on delivery for products or services supplied by Bobbles and Lace, (ii) stop selling or providing any products and services to Franchisee, or (iii) request any third party vendors to not sell or provide products or services to Franchisee while Franchisee is in default or breach of this Agreement. No such action by Bobbles and Lace will be deemed a breach or constructive termination of this Agreement, change in competitive circumstances, or similarly characterized and Franchisee will not be relieved of any obligations under this Agreement because of any such action. These rights are in addition to any other right or remedy available to Bobbles and Lace.

11.5 Business Data. All customer data and other non-public data generated by Franchisee's Business other than data generated by Franchisee's Business relating to employees and personal data subject to applicable privacy laws is Confidential Information and exclusively owned by Bobbles and Lace. Bobbles and Lace licenses such data back to Franchisee without charge solely for Franchisee's use in connection with Franchisee's Business for the term of this Agreement.

11.6 Innovations. Franchisee will disclose to all Innovations. Bobbles and Lace will automatically own all Innovations and have the right to use and incorporate any Innovations into the System without any compensation to Franchisee. Franchisee will execute any documents reasonably requested by Bobbles and Lace to document Bobbles and Lace's ownership of Innovations.

11.7 Communication Systems. Franchisee has no expectation of privacy with respect to any assigned email accounts or other communications systems. Franchisee authorizes Bobbles and Lace to access such communications if Bobbles and Lace provides email accounts or other communication systems to Franchisee.

11.8 Communication with Employees. Franchisee irrevocably authorizes Bobbles and Lace to communicate with Franchisee's employees and contractors about any matter related to the System or Franchisee's Business. Franchisee will not prohibit any employee or contractor from communicating with Bobbles and Lace on any matter related to the System or Franchisee's Business.

11.9 Communications with Landlord and Lenders. Franchisee irrevocably authorizes Bobbles and Lace to communicate with Franchisee's landlord, lenders, prospective landlord, and lenders about matters relating to Franchisee's Business or to provide information about Franchisee's Business to them.

11.10 Delegation. Bobbles and Lace may delegate any duty or obligation of Bobbles and Lace under this Agreement to an affiliate or to a third party.

11.11 System Variations. Bobbles and Lace may vary or waive any System Standard for any Business due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of Franchisee's Business. Franchisee is not entitled to the same variation or waiver.

## ARTICLE 12. TRADEMARKS

12.1 Authorized Trademarks. Franchisee will use no trademarks, service marks, or logos in connection with Franchisee's Business other than the Trademarks without Bobbles and Lace's prior written permission. Franchisee will use all Trademarks specified by Bobbles and Lace in the manner Bobbles and Lace requires. Franchisee has no rights in the Trademarks other than the right to use them in the operation of Franchisee's Business in compliance with this Agreement. All use of the Trademarks by Franchisee and any goodwill associated with the Trademarks including, without limitation, any goodwill arising due to Franchisee's operation of Franchisee's Business will inure to Bobbles and Lace's exclusive benefit.

12.2 Change of Trademarks. Bobbles and Lace may add, modify, or discontinue any Trademarks in Bobbles and Lace's discretion. Franchisee will comply with any addition, modification, or discontinuance within a reasonable time that will not exceed 90 days after Bobbles and Lace notifies Franchisee of the addition, modification, or discontinuance at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee uses the Trademarks in strict compliance with this Agreement and the System Standards, Bobbles and Lace will (i) defend Franchisee against any Action by a third party alleging infringement by Franchisee's use of the Trademarks at Bobbles and Lace's expense, and (ii) indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee will promptly notify Bobbles and Lace if Franchisee becomes aware of any possible infringement of the Trademarks by a third party. Bobbles and Lace may commence or join any claim against the infringing party at Bobbles and Lace's discretion.

(c) Control. Bobbles and Lace will have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Trademarks.

12.4 Name. Franchisee will not use the words "Bobbles & Lace" or any confusingly similar words in its legal name if Franchisee is an entity.

## ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee will (i) adhere to all procedures prescribed by Bobbles and Lace for maintaining confidentiality, (ii) disclose Confidential Information to Franchisee's employees only to the extent necessary for the operation of

Franchisee's Business, (iii) not use any Confidential Information in any other business or in any manner not specifically authorized in writing by Bobbles and Lace, (iv) exercise the highest degree of diligence and effort to maintain the confidentiality of all Confidential Information during and after the term of this Agreement, (v) not copy or otherwise reproduce any Confidential Information, and (vi) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Bobbles and Lace except for Confidential Information that Bobbles and Lace licenses from another person or entity. This Section 13.1 will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) In-term Restriction. None of the Franchisee Parties will directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by any Competitor during the term of this Agreement.

(b) Post-term Restriction. For two years after this Agreement expires or is terminated for any reason (or for two years after a Transfer), none of the Franchisee Parties will directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by any Competitor within three miles of the Territory or the territory of any other Business operating on the date of expiration, termination, or Transfer. The area of non-competition will be the Development Area and the territory of any other Business operating on the date of termination if this Agreement is terminated before the Territory is determined.

(c) Interpretation. Each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If any portion of the covenants in this Section 13.2 is held to be unenforceable or unreasonable by any arbitrator or court, then the arbitrator or court will modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Bobbles and Lace. The existence of any alleged claim Franchisee may have against Bobbles and Lace will not constitute a defense to the Bobbles and Lace's enforcement of the covenants of this Section 13.2. The restrictive period will be extended an additional day for each day of noncompliance if a Franchisee Party fails to comply with the obligations under this Section 13.2 during the restrictive period.

13.3 General Manager and Key Employees. Franchisee will cause its general manager and other key employees reasonably designated by Bobbles and Lace to sign Bobbles and Lace's then-current form of confidentiality and non-compete agreement at Bobbles and Lace's request unless prohibited by applicable law.

## ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Bobbles and Lace allegedly violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the alleged default within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee will be effective ten days after Bobbles and Lace receives written notice of termination.

14.2 Termination by Bobbles and Lace.

(a) Ten-Day Cure Period. Bobbles and Lace may terminate this Agreement if Franchisee does not make any payment to Bobbles and Lace when due or if Franchisee does not have sufficient funds in its account when Bobbles and Lace attempts an electronic funds withdrawal and

Franchisee fails to cure such non-payment within ten days after Bobbles and Lace gives notice to Franchisee of the default.

(b) 30-Day Cure Period. Bobbles and Lace may terminate this Agreement if Franchisee breaches this Agreement in any manner not described in Section 14.2(a) or Section 14.2(c) and Franchisee fails to cure such default to Bobbles and Lace's satisfaction within 30 days after Bobbles and Lace gives notice to Franchisee of the default.

(c) No Cure Period. Bobbles and Lace may immediately terminate this Agreement by giving notice to Franchisee of the following defaults without opportunity to cure:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee or breaches any representation in this Agreement;

(ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Bobbles and Lace;

(iii) A receiver or trustee for is appointed by any court for all or substantially all of Franchisee's property relating to Franchisee's Business, Franchisee makes a general assignment for the benefit of Franchisee's creditors, Franchisee is unable to pay Franchisee's debts as they become due, a levy or execution is made against Franchisee's Business, an attachment or lien remains on Franchisee's Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, a petition in bankruptcy is filed by Franchisee or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open Franchisee's Business for business by the date specified on the Summary Page;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2, Section 13.1, Section 13.2, or Article 15 or commits any other default of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of Franchisee's Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels Bobbles and Lace or any of its employees, directors, or officers;

(ix) Franchisee refuses to cooperate with or permit any audit or inspection by Bobbles and Lace or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;

(x) Franchisee's Business is operated in a manner that constitutes a significant danger to the health or safety of any person in Bobbles and Lace's reasonable opinion and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger due to notice from Bobbles and Lace or otherwise;

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement within twelve-month period regardless of whether or not the defaults were cured;

(xii) Bobbles and Lace or any affiliate terminates any other agreement with Franchisee or any affiliate due to the breach of such other agreement by Franchisee or its affiliate; provided; however, that termination of Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement with Franchisee or its affiliate will not give Bobbles and Lace the right to terminate this Agreement;

(xiii) Franchisee or any Owner is charged with, pleads guilty or no contest to, or is convicted of a felony; or

(xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act or Franchisee or any Owner commits any act or series of acts that is likely to materially and unfavorably affect the Bobbles & Lace brand in Bobbles and Lace's reasonable opinion.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination including, without limitation, those pertaining to non-competition, confidentiality, indemnity, and dispute resolution will remain in effect and Franchisee will immediately:

(a) Pay all amounts owed to Bobbles and Lace based on Franchisee's operation of Franchisee's Business through the effective date of termination or expiration;

(b) Return all copies of the Manual, Confidential Information, and any other materials provided by Bobbles and Lace to Franchisee or created by a third party for Franchisee relating to the operation of Franchisee's Business and all items containing any Trademarks, copyrights, or other proprietary items to Bobbles and Lace and delete all Confidential Information and proprietary materials from electronic devices;

(c) Notify telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories, and listings associated with any of the Trademarks and authorize their transfer to Bobbles and Lace or any new franchisee as Bobbles and Lace directs. Franchisee hereby irrevocably appoints Bobbles and Lace as its true and lawful attorney-in-fact with full power of substitution which appointment is coupled with an interest to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(d) Cease doing business using any of the Trademarks.

14.4 Deidentification. Franchisee will deidentify the Location so that it no longer contains the Trademarks, signage, or any trade dress of a Business to Bobbles and Lace's reasonable satisfaction within 30 days after termination or expiration at Franchisee's expense. Franchisee will comply with any reasonable instructions and procedures prescribed by Bobbles and Lace for deidentification. Bobbles and Lace may enter the Location to remove the Trademarks and deidentify the Location if Franchisee fails to do so within 30 days after expiration or termination. In such event, Bobbles and Lace will not be charged with trespass nor be accountable or required to pay for any assets removed or altered or for any damage caused by Bobbles and Lace.

14.5 Liquidated Damages. If Bobbles and Lace terminates this Agreement based upon Franchisee's default or if Franchisee purports to terminate this Agreement except as permitted under

Section 14.1, within ten days thereafter Franchisee will pay to Bobbles and Lace a lump sum, as liquidated damages and not as a penalty, equal to the average weekly Royalty Fees and Marketing Fund Contributions that Franchisee owed to Bobbles and Lace under this Agreement for the 51-week period preceding the date on which Franchisee ceased operating Franchisee's Business without regard to any fee waivers or reductions granted to Franchisee multiplied by the lesser of (i) 102 or (ii) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated Franchisee's Business for at least 51 weeks, the amount of liquidated damages will equal the average weekly Royalty Fees and Marketing Fund Contributions that Franchisee owed to Bobbles and Lace during the period that Franchisee operated Franchisee's Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Bobbles and Lace" will not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions set forth in an addendum to this Agreement unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Bobbles and Lace's damages under these circumstances is difficult to determine and the method of calculation of the liquidated damages payment as set forth in this Section 14.5 is reasonable. Franchisee's liquidated damages payment to Bobbles and Lace under this Section 14.5 will be in lieu of any direct monetary damages that Bobbles and Lace may incur as a result of Bobbles and Lace's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to Bobbles and Lace after the date of termination; provided, however, that the liquidated damages payment will be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Bobbles and Lace's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Bobbles and Lace is entitled under this Agreement. Except as provided in this Section 14.5, Franchisee's liquidated damages payment will be in addition to any other right or remedy that Bobbles and Lace may have under this Agreement or otherwise.

14.6 Purchase Option. Upon the expiration or termination of this Agreement, Bobbles and Lace may, but is not obligated to, purchase any of the assets related to Franchisee's Business and require Franchisee to assign its lease or sublease to Bobbles and Lace. To exercise this option, Bobbles and Lace must notify Franchisee no later than 30 days after expiration or termination of this Agreement. The purchase price for all assets that Bobbles and Lace elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on the fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Bobbles and Lace's purchase will be of assets free and clear of all liens and will not include any liabilities of Franchisee. The purchase price for the assets will not include any factor or increment for any trademark or other commercial symbol used in connection with Franchisee's Business, the value of any intangible assets, or any goodwill or "going concern" value for Franchisee's Business. Bobbles and Lace may withdraw its exercise of the purchase option at any time before payment for the assets is made. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Bobbles and Lace. If Bobbles and Lace exercises the purchase option, Bobbles and Lace may deduct from the purchase price (i) all amounts due from Franchisee, (ii) Franchisee's portion of the cost of any appraisal conducted hereunder, and (iii) amounts paid or to be paid by Bobbles and Lace to cure defaults under Franchisee's lease and amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Bobbles and Lace may pay a portion of the purchase price directly to the lienholder to pay off the lien. Bobbles and Lace may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities have been paid. Bobbles and Lace may assign this purchase option to another party.

## ARTICLE 15. TRANSFERS

15.1 By Bobbles and Lace. Bobbles and Lace may transfer or assign this Agreement or any of its rights or obligations under this Agreement to any person or entity. Bobbles and Lace may undergo a change in ownership or control without Franchisee's consent.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Bobbles and Lace entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Franchisee will not conduct or undergo a Transfer without providing Bobbles and Lace at least 60 days prior notice of the proposed Transfer and obtaining Bobbles and Lace's consent. Bobbles and Lace may impose reasonable conditions as a condition of granting consent including, without limitation, the following:

(a) Bobbles and Lace receives a transfer fee equal to $10,000 plus any broker fees and other out-of-pocket costs incurred by Bobbles and Lace;

(b) The proposed transferee and its owners have completed Bobbles and Lace's franchise application processes, met Bobbles and Lace's then-applicable standards for new franchisees, and been approved by Bobbles and Lace as franchisees;

(c) The proposed transferee is not a Competitor;

(d) The proposed transferee executes Bobbles and Lace's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement; provided, however, that the proposed transferee will not be required to pay an initial franchise fee;

(e) All owners of the proposed transferee provide a guarantee in accordance with Section 2.5;

(f) Franchisee has paid all monetary obligations to Bobbles and Lace, its affiliates, and any lessor, vendor, supplier, or lender to Franchisee's Business and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Bobbles and Lace or its affiliates;

(g) The proposed transferee and its owners and employees undergo such training as Bobbles and Lace may require;

(h) Franchisee, its Owners, the transferee, and its owners execute a general release of Bobbles and Lace in a form satisfactory to Bobbles and Lace; and

(i) Franchisee's Business fully complies with the System Standards.

15.3 Transfer for Convenience of Ownership. Franchisee may Transfer this Agreement if Franchisee is an individual to an entity formed for convenience of ownership upon at least 15 days' notice to Bobbles and Lace if prior to the Transfer (i) Franchisee provides the information required by Section 2.3, (ii) Franchisee provides copies of the entity's charter documents, by-laws, operating agreement, and similar documents upon Bobbles and Lace's request, (iii) Franchisee owns all voting securities of the entity, and (iv) Franchisee provides a guarantee in accordance with Section 2.5.

15.4 Transfer Upon Death or Incapacity. Upon Franchise's death or incapacity (or if Franchisee is an entity, the death or incapacity of the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer Franchisee's Business to a third party approved by Bobbles and Lace or to another person who was an Owner at the time of death or incapacity of the largest Owner within nine months after the death or incapacity. The transfer must comply with Section 15.2.

15.5 Bobbles and Lace's Right of First Refusal. Before Franchisee or any Owner conducts a Transfer (except under Section 15.3 or Section 15.4), Bobbles and Lace will have the right of first refusal set forth in this Section 15.5. Franchisee or its Owners will provide a copy of the terms and conditions of any Transfer to Bobbles and Lace. For a period of 30 days from the date of Bobbles and Lace's receipt, Bobbles and Lace will have the right, exercisable by notice to Franchisee, to purchase the assets of Franchisee's Business subject to the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, Bobbles and Lace may pay the equivalent value in cash for the purchase price). Franchisee may proceed with the Transfer subject to the other terms and conditions of this Agreement if Bobbles and Lace does not exercise the right of first refusal described in this Section 15.5.

15.6 No Sublicense. Franchisee has no right to sublicense the Trademarks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee will not grant a security interest in this Agreement to any person or entity. Franchisee will ensure any secured party expressly exempts this Agreement from the security interest if Franchisee grants an "all assets" security interest to any lender or other secured party.

## ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee will indemnify and defend the Bobbles and Lace Parties against all Losses in any Action by or against Bobbles any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of Franchisee's Business. Notwithstanding the foregoing, Franchisee will not be obligated to indemnify an Indemnitee from Actions arising from an Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action will not relieve Franchisee of the indemnity obligation except to the extent that such delay or failure materially prejudices Franchisee. Franchisee will not settle an Action without the Indemnitee's consent. This indemnification obligation will continue after the expiration, termination, or Transfer of this Agreement.

16.2 Assumption. An Indemnitee may elect to assume the defense of any Action subject to this indemnification and control all aspects of defending the Action including, without limitation, negotiation and settlement at Franchisee's expense. Any such undertaking will not diminish Franchisee's obligation to indemnify the Bobbles and Lace Parties.

## ARTICLE 17. DISPUTE RESOLUTION

17.1 Mediation and Arbitration.

(a) Disputes Subject to Non-Binding Mediation. Except as expressly provided in Section 17.1(c) and Section 17.1(d), any controversy or claim between Bobbles and Lace and Franchisee will first be submitted to non-binding mediation in accordance with the Commercial Mediation Procedures promulgated by the American Arbitration Association.

(b) Disputes Subject to Arbitration. If the parties cannot fully resolve and settle a dispute through direct mediation within 30 days after the mediation conference concludes, all unresolved issues involved in the dispute will be submitted to binding arbitration by the American Arbitration Association upon demand of either party. A notice or request for arbitration will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination. The arbitration proceeding will be before one neutral arbitrator with contract experience appointed by the American Arbitration Association in accordance with the then-current or successor commercial arbitration rules promulgated by the American Arbitration Association. Except as otherwise provided in the agreement, arbitration will be conducted in accordance with the then-current or successor commercial arbitration rules promulgated by the American Arbitration Association. The arbitrator will follow and apply the express provisions of this Agreement in determining an arbitration award. The arbitrator will not extend, modify, or suspend any of the terms of this Agreement or the reasonable standards of business performance and operation established by Bobbles and Lace. The arbitrator will be bound to apply the applicable law and will not rule inconsistently with applicable law. In any arbitration proceeding, each party will submit or file any claim that would constitute a compulsory counterclaim as defined by the Federal Rules of Civil Procedure within the same proceeding as the claim it relates to. Any claim that is not submitted or filed as required is forever barred. Upon the written request of the other party, a party will promptly provide the other party with copies of documents relevant to the issues raised by any claim or counterclaim that the producing party may rely upon in support of or in opposition to any claim or defense. Any dispute regarding discovery or the relevance or scope thereof will be determined by the arbitrator. All discovery will be completed within 60 days following appointment of the arbitrator. At the request of either Bobbles and Lace or Franchisee, the arbitrator will have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions will be limited to a maximum of five per party and held within 30 days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator for good cause shown. Each deposition will be limited to a maximum of six hours duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. The arbitrator will not have the authority to declare any generic, descriptive, or other trademark invalid. The arbitrator may not consider any settlement discussions between Bobbles and Lace and Franchisee. Any award will be made within nine months of the filing of the notice of intention to arbitrate and the arbitrator will agree to comply with this schedule before accepting appointment. This time limit may be extended by the parties or arbitrator as necessary. Any award will include findings of fact and conclusions of law. Either party may apply to the court having jurisdiction for an order confirming or enforcing the award. The arbitrator will have the right to award or include any relief that the arbitrator deems proper in the circumstances in the award including monetary damages with interest on unpaid amounts from date due, specific performance, injunctive and declaratory relief, and legal fees and costs provided that the arbitrator will not have the authority to award exemplary, punitive, or treble damages.

(c) Location. The place of mediation will be the city and state where Bobbles and Lace's headquarters are then located.

(d) Injunctive Relief. Either Bobbles and Lace or Franchisee may also seek from any court having jurisdiction any interim or provisional injunctive relief without waiving any right to mediation under this Agreement.

(e) Intellectual Property Claims. Either Bobbles and Lace or Franchisee may bring a claim involving an alleged infringement of any of Bobbles and Lace's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(f) Confidentiality. All documents, information, and results pertaining to any mediation or arbitration will be confidential except as required by law or as required for Bobbles and Lace to comply with laws and regulations applicable to the sale of franchises.

(g) Performance During Mediation, Arbitration, or Litigation. Unless this Agreement has been terminated, Bobbles and Lace and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the mediation or arbitration process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, Bobbles and Lace and Franchisee waive any right to punitive or other monetary damages not measured by the prevailing party's actual damages except for damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. Any claims will be arbitrated, litigated, or otherwise resolved on an individual basis. Bobbles and Lace and Franchisee waive any right to act on a class-wide basis.

17.4 Time Limitation. Any mediation, arbitration, or other legal action arising from or related to this Agreement must be instituted within two years from the date the relevant party discovers the conduct or event that forms the basis of the mediation, arbitration, or other legal action. The foregoing time limit will not apply to claims (i) by Bobbles and Lace related to non-payment of Royalty Fees or other fees owed under this Agreement by Franchisee, (ii) for indemnification under Article 16, or (iii) related to unauthorized use of Confidential Information or the Trademarks.

17.5 Venue Other Than Mediation or Arbitration. For any legal proceeding not required to be submitted to mediation or arbitration, such proceeding will be brought in the United States District Court where Bobbles and Lace's headquarters is then located. If there is no federal jurisdiction over the dispute, any such legal proceeding will be brought in the court of record of the state and county where Bobbles and Lace's headquarters is then located. Bobbles and Lace and Franchisee consent to the jurisdiction of such courts and waives any objection that they may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. The non-prevailing party will pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding in any legal proceeding including, without limitation, mediation or arbitration related to this Agreement or any guarantee. "Prevailing party" means the party that prevailed upon the central litigated issues and obtained substantial relief.

17.7 Franchisor Personnel. The provisions of this Article 17 apply to any Action by Franchisee or its Owners against the Bobbles and Lace Parties. Nothing in this Agreement make the Bobbles and Lace Parties liable for Bobbles and Lace's conduct.

## ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors and neither is the agent, partner, joint venturer, or employee of the other. Bobbles and Lace is not a fiduciary of Franchisee. Bobbles and Lace does not control or have the right to control Franchisee or Franchisee's Business. Any required specifications and standards in this Agreement and the System Standards exist to protect Bobbles and Lace's interest in the System, the Trademarks, and the goodwill established in them, and not for the purpose of establishing any control or duty to take control of Franchisee's Business. Bobbles and Lace has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Bobbles and Lace, and Bobbles and Lace's affiliates except as stated in Article 16 or Article 17.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Bobbles and Lace in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Bobbles and Lace's rights to modify the Manual or System Standards.

18.5 Consent or Waiver. No consent under this Agreement or waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance, or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. Wyoming law governs all adversarial proceedings between the parties without giving effect to its principles of conflicts of law. Any Wyoming law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section 18.9 to:

If to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and

If to Bobbles and Lace, addressed to 26 Wyman Road, Marblehead, Massachusetts 01945.

Either party may designate a new address for notices by giving notice of the new address pursuant to this Section 18.9. Notices must be (i) delivered personally, (ii) sent by registered or certified U.S. mail with return receipt requested, or (iii) sent via overnight courier. Notices will be effective upon the earliest of (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail, or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, Bobbles and Lace may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

18.10 Holdover. If Franchisee continues operating Franchisee's Business after the expiration of the term without an executed successor franchise agreement in accordance with Section 3.2, then Bobbles and Lace may give written notice to Franchisee to either (i) require Franchisee to cease operating Franchisee's Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Bobbles and Lace specifies, or (ii) bind Franchisee to a renewal term and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

18.11 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee," each will have joint and several liability.

18.12 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Bobbles and Lace does not constitute an offer. This Agreement will not be effective unless and until it is executed by both Bobbles and Lace and Franchisee.

18.13 Counterparts, Facsimile transmissions, and Electronic Signatures. The Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument. The Agreement will become effective when one or more counterparts have been signed by the parties and delivered to the other party. Facsimile transmissions of signed documents and electronic signatures will have the same full force and effect as originally executed documents.

IN WITNESS WHEREOF, the parties have duly executed this Bobbles and Lace Franchising, LLC Franchise Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ (Effective Date) | Date: _____ |

ATTACHMENT 1

STATEMENT OF OWNERSHIP

This STATEMENT OF OWNERSHIP defines Franchisee's form of ownership and the parties that have an ownership interest in Franchisee.

1. Franchisee's Name: _____.

2. Franchisee's Form of Ownership: _____.

3. Franchisee's State of Incorporation/Organization: _____.

4. Franchisee's Date of Incorporation/Organization: _____.

5. Franchisee's Management: _____.

6. Franchisee's Ownership: _____.

Franchisee will report any changes to the above information to Bobbles and Lace within ten business days prior to the date such changes take effect.

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT 2

LOCATION ACCEPTANCE LETTER

To: _____ ("Franchisee")

This LOCATION ACCEPTANCE LETTER is issued by Bobbles and Lace Franchise, LLC ("Bobbles and Lace") for the Bobbles & Lace business to be operated by Franchisee ("Franchisee's Business") in accordance with Section 6.1 of Franchisee's Bobbles and Lace Franchise, LLC Franchise Agreement (the "Agreement").

1. The Location of Franchisee's Business as defined in the Agreement is:

_____

2. The Territory of Franchisee's Business is as defined in the Agreement is:

_____

BOBBLES AND LACE:

BOBBLES AND LACE FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT 3

GUARANTEE AND NON-COMPETITION AGREEMENT

This GUARANTEE AND NON-COMPETITION AGREEMENT (the "Guarantee") is executed by the undersigned person(s) (each, a "Guarantor") in favor of Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace").

_____ ("Franchisee") desires to enter into a Bobbles and Lace Franchise, LLC Franchise Agreement (the "Franchise Agreement") with Bobbles and Lace for the franchise of a Business. Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guarantee in order to induce Bobbles and Lace to enter into the Franchise Agreement. Capitalized terms used but not defined in this Guarantee have the meanings given in the Franchise Agreement.

Guarantor agrees as follows:

1. Guarantee. Guarantor hereby unconditionally guarantees to Bobbles and Lace, its successors, and assigns that Franchisee will pay and perform every undertaking, agreement, and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Bobbles and Lace, whether or not contained in the Franchise Agreement. Guarantor will render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Bobbles and Lace upon demand from Bobbles and Lace. Guarantor waives (i) acceptance and notice of acceptance by Bobbles and Lace of this Guarantee, (ii) notice of demand for payment of any indebtedness or nonperformance of any of Franchisee's obligations, (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, (iv) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder, (v) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Franchisee arising as a result of the execution of and performance under this Guarantee by a Guarantor, (vi) any law that requires that Bobbles and Lace make demand upon, assert claims against, or collect from Franchisee or any other person or entity (including any Guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any Guarantor) prior to making any demand upon, collecting from, or taking any action against the undersigned with respect to this Guarantee, and (vii) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information, Guarantor will (i) adhere to all security procedures prescribed by Bobbles and Lace for maintaining confidentiality, (ii) disclose such information to Franchisee's or Guarantor's employees only to the extent necessary for the operation of Franchisee's Business, (iii) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Bobbles and Lace, (iv) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (v) not copy or otherwise reproduce any Confidential Information, and (vi) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Bobbles and Lace or its affiliates (except for Confidential Information that Bobbles and Lace licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Bobbles and Lace. This Section 2 will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) In-term Restriction. Guarantor will not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by any Competitor during the term of the Franchise Agreement.

(b) Post-term Restriction. For two years after the Franchise Agreement expires or is terminated for any reason (or for two years after a Transfer), no Guarantor will directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by any Competitor within three miles of the Territory or the territory of any other Business operating on the date of expiration, termination, or Transfer. The area of non-competition will be the Development Area and the territory of any other Bobbles & Lace business operating on the date of termination if the Franchise Agreement is terminated before the Territory is determined.

(c) Interpretation. Each of the foregoing covenants is independent of any other covenant or provision of this Guarantee or the Franchise Agreement. If any portion of the covenants in this Guarantee is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Bobbles and Lace. The existence of any claim Guarantor or Franchisee may have against Bobbles and Lace will not constitute a defense to the enforcement by Bobbles and Lace of the covenants of this Guarantee. If Guarantor fails to comply with the obligations under this Section 3 during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor's liability hereunder will not be diminished, relieved, or otherwise affected by (i) any amendment of the Franchise Agreement, (ii) any extension of time, credit, or other indulgence that Bobbles and Lace may from time-to-time grant to Franchisee or to any other person or entity, or (iii) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law and Dispute Resolution. This Guarantee will be governed by and construed in accordance with the laws of Wyoming without giving effect to its principles of conflicts of law. Any Wyoming law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 of the Franchise Agreement apply to and are incorporated into this Guarantee as if fully set forth herein. Guarantor will pay Bobbles and Lace all costs incurred by Bobbles and Lace (including reasonable attorney fees) in enforcing this Guarantee. If multiple Guarantors sign this Guarantee, each will have joint and several liability.

GUARANTOR(S):

| | |
|---|---|
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Address: | Address: |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

ATTACHMENT 4

RIDER TO LEASE

Landlord: _____
Notice Address: _____
_____
_____
Telephone: _____

Franchisor: Bobbles and Lace Franchise, LLC
Notice Address: 26 Wyman Road
Marblehead, Massachusetts 01945
Telephone: (978) 273-5642

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises will be used only for the operation of a Bobbles and Lace business (or any other name authorized by Franchisor) (the "Business").

2. Notice of Default and Opportunity to Cure. Landlord will provide Franchisor with copies of any written notice given to Tenant of a default (a "Default") under the lease for the Leased Premises (the "Lease"), and Landlord grants to Franchisor the option, but not the obligation, to cure any Default under the Lease should Tenant fail to do so within ten days after the expiration of the period during which Tenant may cure the Default.

3. Termination of Lease. Landlord will copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor will have the option to enter into a new lease for the Leased Premises with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise. If the Bobbles and Lace Franchise, LLC Franchise Agreement between Franchisor and Tenant (the "Franchise Agreement") is terminated during the term of the Lease, Tenant will assign the Lease to Franchisor upon Franchisor's written request. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant may assign or sublet the Lease to Franchisor provided that no such assignment or sublease will relieve Tenant or any Lease guarantor of liability under the Lease. Franchisor will have the right to assign or sublease its lease to a franchisee of the Bobbles and Lace brand if Franchisor becomes the lessee of the Leased Premises. Any provision of the Lease that limits Tenant's right to own or operate other Bobbles and Lace outlets in proximity to the Leased Premises will not apply to Franchisor.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and the Business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement, expiration or termination of the Lease, or termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may enter the Leased Premises to remove signage and other material bearing Franchisor's brand name, trademarks, and commercial symbols after giving reasonable prior notice to Landlord; provided, however, that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider to Lease, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

LANDLORD:

_____

By: _____

Name: _____

Title: _____

FRANCHISOR:

BOBBLES AND LACE FRANCHISE, LLC

By: _____

Name: _____

Title: _____

TENANT:

_____

By: _____

Name: _____

Title: _____

or

_____
individually

Name: _____

ATTACHMENT 5

FORM OF GENERAL RELEASE

[*This is Bobbles and Lace Franchise, LLC's current standard form of General Release. This document is not signed when a franchise is purchased. In circumstances such as the renewal of a franchise or as a condition of approval of the sale of a franchise, a General Release may be required.*]

This General Release (the "Release") is executed by the undersigned ("Releasor") in favor of Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace").

Background Statement: [*describe circumstances*]

Releasor agrees as follows:

1. Release. Releasor, on behalf of itself, its parents, subsidiaries, affiliates, and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties") hereby releases Bobbles and Lace, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any known, unknown, contingent, or vested claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights, and obligations of whatever nature that any Releasing Party now has or ever had against any Released Party based upon or arising out of events that occurred through the date hereof including, without limitation, any matter arising out of the Bobbles and Lace LLC, Franchise Agreement between the parties (collectively, the "Claims").

2. Covenant Not to Sue. Releasor, on behalf of all Releasing Parties, covenants not to initiate, prosecute, encourage, assist, or participate in any civil, criminal, or administrative proceeding or investigation except as required by law in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that (i) Releasor is the sole owner of all Claims and no Releasing Party has assigned, transferred, or purported to assign or transfer any Claim to any person or entity, (ii) Releasor has full power and authority to sign this Release, and (iii) this Release has been voluntarily and knowingly signed this Release after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the Release is a complete defense to any Claim.

4. Miscellaneous. If any provision of this Release is held invalid for any reason, the remainder of this Release will not be affected and remain in full force and effect. If any dispute concerning this Release arises, the dispute resolution, governing law, and venue provisions of the Franchise Agreement will apply. Releasor will take any actions and sign any documents that Bobbles and Lace reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

Maryland Residents: This Release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Washington Residents: A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a

negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

RELEASOR:

_____

By: _____

Name: _____

Title: _____

**EXHIBIT C**

**BOBBLES AND LACE FRANCHISE, LLC**
**MULTI-UNIT DEVELOPMENT AGREEMENT**

# BOBBLES AND LACE FRANCHISE, LLC
# MULTI-UNIT DEVELOPMENT AGREEMENT

| SUMMARY PAGE | |
|---|---|
| **1. Franchisee:** | _____ |
| **2. Development Fee:** | _____ |
| **3. Development Area:** | _____ |
| **4. Franchisee's Address:** | _____ |

**BOBBLES AND LACE FRANCHISE, LLC**
**MULTI-UNIT DEVELOPMENT AGREEMENT**

This BOBBLES AND LACE FRANCHISE, LLC MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") is made between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company located at 26 Wyman Road, Marblehead, Massachusetts 01945 ("Bobbles and Lace"), and _____, a _____ located at _____ ("Franchisee") and effective as of the date executed by Bobbles and Lace (the "Effective Date").

RECITALS

A. Bobbles and Lace and its affiliates have created and own a system (the "System") for developing and operating a fashion forward boutique retail store (each, a "Business") that caters in styling women head to toe with an emphasis on styling under the trade name "Bobbles & Lace" and other proprietary trademarks.

B. Bobbles and Lace Franchising and Franchisee desire that Franchisee develop multiple franchised Bobbles & Laced businesses in accordance with a defined schedule (the "Development Schedule").

C. Bobbles and Lace and Franchisee have entered into a Bobbles and Lace Franchise, LLC Franchise Agreement for the franchise of a Business (the "Franchise Agreement") contemporaneously with the Agreement. Capitalized terms used but not defined in this Agreement have the meanings given in the Franchise Agreement.

AGREEMENT

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

1. Multi-Unit Commitment.

(a) Development Schedule. Franchisee will develop and open Businesses in accordance with the following schedule:

| Store | Deadline for Store Opening | Total Number of Stores to be Open and Operating on Deadline | Initial Fees |
|---|---|---|---|
| 1 | | 1 | $ |
| 2 | | 2 | $ |
| 3 | | 3 | $ |
| 4 | | 4 | $ |
| 5 | | 5 | $ |
| | | Total Initial Franchise Fees: | $ |

(b) Development Fee. Franchisee will pay the aggregate of the initial fees described in the Development Schedule (the "Development Fee") to Bobbles and Lace on the Effective Date. The Development Fee is nonrefundable.

2. Form of Agreement. Franchisee and Bobbles and Lace Franchising have executed the Franchise Agreement contemporaneously with this Agreement. The Franchise Agreement is the relevant

agreement for the first Business referenced in the Development Schedule. For each additional Business referenced in the Development Schedule, Franchisee will execute Bobbles and Lace Franchising's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location for the Business. This Agreement does not independently grant Franchisee the right to construct, open, or operate a Business. Franchisee acknowledges that Franchisee may only construct, open, and operate each Business described in this Agreement pursuant to a separate franchise agreement executed pursuant to this Agreement for each such Business.

3. Development Area. Franchisee will locate each Business developed under this Agreement within the following area (the "Development Area"):

_____
_____.

Franchisee will have exclusive rights to develop, open or operate Businesses in the Development Area while this Agreement is effective.

4. Default and Termination.

(a) Termination by Bobbles and Lace. Bobbles and Lace may immediately terminate this Agreement upon notice to Franchisee without opportunity to cure if Franchisee fails to satisfy the development schedule or defaults on any other agreement with Bobbles and Lace or its affiliates so that such agreement is terminated for cause. Termination of this Agreement will:

(i) Result only in Franchisee's loss of any right to develop Businesses pursuant to this Agreement;

(ii) Not allow for termination of any then-existing franchise agreement between the parties including, without limitation, the Franchise Agreement pursuant to any cross-default and termination provisions of such franchise agreement except for any franchise agreement upon which the termination thereof is the grounds for termination of this Agreement; and

(iii) Not entitle Franchisee to the refund of any part of the Development Fee or any other amounts paid to Bobbles and Lace pursuant to the Agreement.

(b) Termination by Franchisee. Franchisee may immediately terminate this Agreement upon notice to Bobbles and Lace without cause at Franchisee's discretion.

5. Limitation of Liability. Franchisee's commitment to develop Businesses is only in the nature of an option. Franchisee will not be liable to Bobbles and Lace for lost future revenues or profits from the unopened Businesses described in the Development Schedule if Bobbles and Lace Franchising terminates this Agreement for Franchisee's failure to meet the Development Schedule or termination of any other agreement between the parties.

6. Conditions. Franchisee's right to develop each Business described in the Development Schedule after the first Business is subject to the following:

(a) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Business in Bobbles and Lace's reasonable judgment; and

(b) Franchisee must be in full compliance with all brand requirements at its then-operating Businesses and not be in default under any franchise agreement or any other agreement with Bobbles and Lace.

7. Transfer. Franchisee may not transfer this Agreement without Bobbles and Lace's prior written permission. Bobbles and Lace may transfer this Agreement in Bobbles and Lace's discretion.

8. Dispute Resolution. The provisions of Article 17 of the Franchise Agreement will govern any dispute resolution proceedings between the parties.

9. Miscellaneous. The provisions of Article 18 of the Franchise Agreement apply to and are incorporated into this Agreement as if fully set forth herein.

IN WITNESS WHEREOF, the parties have duly executed this Bobbles and Lace Franchising, LLC Multi-Unit Development Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**EXHIBIT D**

**STATE ADDENDA AND RIDERS**

**CALIFORNIA ADDENDUM TO THE**
**BOBBLES AND LACE FRANCHISE, LLC FRANCHISE DISCLOSURE DOCUMENT**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE WWW.BOBBLESANDLACE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR BOBBLESANDLACE.COM WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

4. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING WITHOUT LIMITATION, A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

5. Item 3 of the Franchise Disclosure Document is amended to provide that neither the franchisor, nor any person in Item 2 of the Franchise Disclosure Document, 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 that association or exchange.

6. Item 6 of the Franchise Disclosure Document is amended to provide that the highest interest rate allowed in California is 10% per annum.

7. The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document:

> Any condition, stipulation or provision in the Agreement that would result in your waiver of compliance with any provision of the California Franchise Relations Act (Business and Professions Code Sections 20000 through 20043) (the "Act") is void to the extent that such provision violates the Act. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
>
> The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Secs. 101 *et seq*.).
>
> 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 Act.
>
> The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will be conducted in Massachusetts, where our headquarters are located, with the costs being borne as provided in the Franchise Agreement. You 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 a franchise agreement restricting venue to a forum outside of California.

The Franchise Agreement requires application of the laws of Wyoming. These provisions might not be enforceable under California law.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

Franchisees must sign a personal guarantee making you individually liable for your financial obligations under the agreement. If you are married, the guarantee will place you and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

It is unlawful to sell any franchise in California that is subject to registration under California law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, 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.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship will be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect will be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

8. The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

**CALIFORNIA RIDER TO THE**
**BOBBLES AND LACE FRANCHISE, LLC FRANCHISE AGREEMENT**

This California Rider to the Bobbles and Lace, LLC Franchise Agreement (the "Rider") amends the Bobbles and Lace Franchise, LLC Franchise Agreement dated _____ (the "Agreement"), between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace") and _____, a _____ ("Franchisee").

1. No Waiver. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship will be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect will be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

2. Fee Deferral. The following new Section 4.9 is added to the Agreement:

4.9 Fee Deferral. Notwithstanding anything in the Agreement to the contrary, Bobbles and Lace will defer the collection of all initial fees from California franchisees until Bobbles and Lace has completed all of Bobbles and Lace's pre-opening obligations and Franchisee is open for business.

3. Effective Date. This Rider is effective as of the Effective Date.

IN WITNESS WHEREOF, the parties have duly executed this California Rider to the Bobbles and Lace Franchise, LLC Franchise Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**CALIFORNIA RIDER TO THE**
**BOBBLES AND LACE FRANCHISE, LLC MULTI-UNIT DEVELOPMENT AGREEMENT**

This California Rider to the Bobbles and Lace, LLC Franchise Agreement (the "Rider") amends the Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement dated _____ (the "Agreement"), between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace") and _____, a _____ ("Franchisee").

1. No Waiver. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship will be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect will be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

2. Fee Deferral. The following new Section 1(c) is added to the Agreement:

(c) Fee Deferral. Notwithstanding anything in the Agreement to the contrary, Bobbles and Lace will defer the collection of all initial fees from California franchisees until Bobbles and Lace has completed all of Bobbles and Lace's pre-opening obligations and Franchisee is open for business. The payment of development and initial fees attributable to a specific Business in the Development Schedule is deferred until that Business is open.

3. Effective Date. This Rider is effective as of the Effective Date.

IN WITNESS WHEREOF, the parties have duly executed this California Rider to the Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement as of the Effective Date.

| | |
|---|---|
| BOBBLES AND LACE: | FRANCHISEE: |
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**NEW YORK ADDENDUM TO THE**
**BOBBLES AND LACE FRANCHISE, LLC FRANCHISE DISCLOSURE DOCUMENT**

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

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

   With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as Rev. April 18, 2023 2 defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for a 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.

4. 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.

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts – Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a

franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**NEW YORK RIDER TO THE**
**BOBBLES AND LACE FRANCHISE, LLC FRANCHISE AGREEMENT**

This New York Rider to the Bobbles and Lace, LLC Franchise Agreement (the "Rider") amends the Bobbles and Lace Franchise, LLC Franchise Agreement dated _____ (the "Agreement"), between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver, or estoppel which would relieve Bobbles and Lace or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the "New York Franchise Law").

3. Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Bobbles and Lace with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law will govern any claim arising under the New York Franchise Law.

5. Effective Date. This Rider is effective as of the Effective Date.

IN WITNESS WHEREOF, the parties have duly executed this New York Rider to the Bobbles and Lace Franchise, LLC Franchise Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**NEW YORK RIDER TO THE**
**BOBBLES AND LACE FRANCHISE, LLC MULTI-UNIT DEVELOPMENT AGREEMENT**

This New York Rider to the Bobbles and Lace, LLC Multi-Unit Development Agreement (the "Rider") amends the Bobbles and Lace Franchise, LLC Franchise Agreement dated _____ (the "Agreement"), between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver, or estoppel which would relieve Bobbles and Lace Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the "New York Franchise Law").

3. Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Bobbles and Lace with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law will govern any claim arising under the New York Franchise Law.

5. Effective Date. This Rider is effective as of the Effective Date.

IN WITNESS WHEREOF, the parties have duly executed this New York Rider to the Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**RHODE ISLAND ADDENDUM TO THE**
**BOBBLES AND LACE FRANCHISE, LLC FRANCHISE DISCLOSURE DOCUMENT**

1. The "Summary" section of Item 17(v) of the Franchise Disclosure Document is amended to read as follows:

Subject to your arbitration obligation and to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The "Summary" section of Item 17(w) of the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

Except for Federal Arbitration Act and other federal law, and except as required by the Rhode Island Franchise Investment Act, Colorado law governs.

3. Item 17 of the Franchise Disclosure Document is amended by the addition of the following:

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

**RHODE ISLAND RIDER TO THE**
**BOBBLES AND LACE FRANCHISE, LLC FRANCHISE AGREEMENT**

This Rhode Island Rider to the Bobbles and Lace Franchise, LLC Franchise Agreement (the "Rider") amends the Bobbles and Lace Franchise, LLC Franchise Agreement dated _____ (the "Agreement"), between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

IN WITNESS WHEREOF, the parties have duly executed this Rhode Island Rider to the Bobbles and Lace Franchise, LLC Franchise Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**RHODE ISLAND RIDER TO THE**
**BOBBLES AND LACE FRANCHISE, LLC MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rhode Island Rider to the Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement (the "Rider") amends the Bobbles and Lace Franchise, LLC Franchise Agreement dated _____ (the "Agreement"), between Bobbles and Lace Franchise, LLC, a Wyoming limited liability company ("Bobbles and Lace") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

IN WITNESS WHEREOF, the parties have duly executed this Rhode Island Rider to the Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement as of the Effective Date.

| BOBBLES AND LACE: | FRANCHISEE: |
|---|---|
| BOBBLES AND LACE FRANCHISE, LLC | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**EXHIBIT E**

**MANUAL TABLE OF CONTENTS**

Brand Standards Manual

| **Manual Section** | **Number of Pages** |
|---|---|
| Preface and Introduction | 35 |
| Establishing My Franchise Business | 37 |
| Personnel | 48 |
| Administrative Procedures | 25 |
| Daily Procedures | 41 |
| Selling and Marketing | 22 |
| **Total Number of Pages** | **208** |

**EXHIBIT F**

**AUDITED FINANCIAL STATEMENTS**

BOBBLES AND LACE FRANCHISE LLC

Financial Statements For The Year Ended December 31, 2022

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

TABLE OF CONTENTS

**Description** **Page**

Independent Accountant Audit Report ……3

Profit & Loss Statement ……..4

Balance Sheet ……5

Statement of Cashflows ……..6

Statement of Shareholders' Equity ……..7

Notes to Accompanied Financial Statements ……..8-11

NAPER
CPA GROUP

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Suite 120 - 189
Naperville, IL 60565
+1 (815) 348-2421
omar@napercpa.com

# INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of BOBBLES AND LACE FRANCHISE LLC

We have audited the accompanying financial statements of BOBBLES AND LACE FRANCHISE LLC, which comprise the Balance Sheet as of December 31, 2022, the related Profit & Loss Statement, the related Statement of Cashflows, and the related Statement of Shareholders' Equity for the twelve-month period then ended.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOBBLES AND LACE FRANCHISE LLC as of December 31, 2022, and the results of its operations and its cash flows for the twelve-month period then ended in accordance with accounting principles generally accepted in the United States of America.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Omar Alnuaimi, CPA

Naperville, IL
February 1, 2023

**BOBBLES AND LACE FRANCHISE LLC**
**PROFIT & LOSS STATEMENT**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | |
|---|---|
| **Revenue** | |
| Franchise Fees | $21,167 |
| Royalty Income | 8,055 |
| **Cost of Sales** | - |
| **Gross Profit** | 29,222 |
| | |
| **Operating Expense** | |
| Professional Services | 4466 |
| Travel Expense | 7863 |
| Advertising & Promotional Expense | 1083 |
| General & Administrative Expense | 3,814 |
| Total Operating Expenses | 17,226 |
| | |
| **Net Income From Operations** | 11,996 |
| | |
| **Other Income (Expense)** | |
| Total Other Income (Expense) | - |
| | |
| **Net Income Before Provision for Income Tax** | 11,996 |
| | |
| **Provision for Income Taxes** | - |
| | |
| **Net Income (Loss)** | $11,996 |

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**BOBBLES AND LACE FRANCHISE LLC**
**BALANCE SHEET**
**DECEMBER 31, 2022**

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash and Cash Equivalents | $36,402 |
| TOTAL CURRENT ASSETS | 36,402 |
| **NON-CURRENT ASSETS** | |
| TOTAL NON-CURRENT ASSETS | - |
| TOTAL ASSETS | 36,402 |
| **LIABILITIES AND OWNER'S EQUITY** | |
| **CURRENT LIABILITIES** | |
| Company Credit Card | 574 |
| Unearned Revenue | 2,000 |
| TOTAL CURRENT LIABILITIES | 2,574 |
| **NON-CURRENT LIABILITIES** | |
| Unearned Revenue | 16,833 |
| TOTAL NON-CURRENT LIABILITIES | 16,833 |
| TOTAL LIABILITIES | 19,407 |
| **OWNER'S EQUITY** | |
| Retained Earnings | 5,000 |
| Net Income (Loss) | 11,996 |
| TOTAL SHAREHOLDERS' EQUITY | 16,996 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $36,402 |

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**BOBBLES AND LACE FRANCHISE LLC**
**STATEMENT OF CASHFLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | |
|---|---|
| **OPERATING ACTIVITIES** | |
| Net Income | $11,996 |
| Non-Cash Adjustments | |
| Company Credit Card | 574 |
| Unearned Revenue | 18,833 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 31,403 |
| **INVESTING ACTIVITIES** | |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | - |
| **FINANCING ACTIVITIES** | |
| Owner's Contribution (Distribution) | - |
| | 5,000 |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | 5,000 |
| NET INCREASE (DECREASE) IN CASH | 36,402 |
| CASH AT BEGINNING OF PERIOD | - |
| CASH AT END OF PERIOD | $36,402 |

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**BOBBLES AND LACE FRANCHISE LLC**
**STATEMENT OF SHAREHOLDERS' EQUITY**
**DECEMBER 31, 2022**

| | Opening Equity Balance | Yearly Changes | Total |
|---|---|---|---|
| **Balance, December 31, 2021** | $ - | $ - | $ - |
| Net Income For The Period Ended December 31, 2022 | - | 11,996 | 11,996 |
| Equity Contributions (Distributions) | - | 5,000 | 5,000 |
| **Balance, December 31, 2022** | **$ -** | **$ 16,996** | **$ 16,996** |

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

BOBBLES AND LACE FRANCHISE LLC (the "Company") was incorporated under the laws of the State of Wyoming for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own 'Bobbles & Lace' location, as a franchise.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of $0 was necessary as of December 31, 2022. Franchisee bad debt expense was $0 for the year ended December 31, 2022. Franchisee amounts written off were $0 for the year ended December 31, 2022.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
- Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

As of December 31, 2022, the carrying amounts of the Company's financial assets and liabilities reported in the balance sheets approximate their fair value.

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees and fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2021 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Unearned Revenue

The Company's primarily performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the standalone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of December 31, 2022, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

**NOTE C – CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

**NOTE D – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 1, 2023, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

## EXHIBIT G

## CURRENT FRANCHISEES

Sidney and Connor Burg
322 Broadway
Saratoga Springs, New York 12866
(518) 813-3797

Megan Cheek
84 North Street, Hingham 02043
(603) 313-9055

Hunter Gordon and Crystal Gambardella
125 North High Street
Westchester, Pennsylvania
(617) 596-2608

Jill Gilbride
439 Assembly Row
Somerville, Massachusetts 02145
(978) 317-0330

Laurel Handel Polselli
100 Matthewson Street
Providence, Rhode Island 02903
(603) 479-0329

## EXHIBIT H

**FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF THE DATE OF THIS FRANCHISE DISCLOSURE DOCUMENT OR WHO HAVE NOT COMMUNICATED WITHIN TEN WEEKS OF THE DATE OF THIS FRANCHISE DISCLOSURE DOCUMENT.**

None.

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | June 13, 2023 |
| Hawaii | |
| Illinois | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York | *PENDING* |
| North Dakota | |
| Rhode Island | May 19, 2023 |
| South Dakota | |
| Virginia | |
| Washington | |
| Wisconsin | |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT I

## RECEIPT

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 Bobbles and Lace Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or ten business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Bobbles and Lace Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Lindsay Rose Rando | 26 Wyman Road, Marblehead, Massachusetts 01945 | (978) 273-5642 |
| | | |

Issuance Date: April 18, 2023.

I have received a Franchise Disclosure Document dated April 18, 2023, that included the following Exhibits:

A. State Administrators and Agents for Service of Process
B. Bobbles and Lace Franchise, LLC Franchise Agreement
C. Bobbles and Lace Franchise, LLC Multi-Unit Development Agreement
D. State Addenda and Riders
E. Manual Table of Contents
F. Financial Statements
G. Current Franchisees
H. Franchisees Who Have Left the System
I. Receipt

_____ _____

Date Prospective Franchisee

_____

Print Name

**Keep This Copy For Your Records**

## RECEIPT

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 Bobbles and Lace Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or ten business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Bobbles and Lace Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Lindsay Rose Rando | 26 Wyman Road, Marblehead, Massachusetts 01945 | (978) 273-5642 |
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F. Financial Statements
G. Current Franchisees
H. Franchisees Who Have Left the System
I. Receipt

_____ _____

Date Prospective Franchisee

_____

Print Name

**Return this copy to Bobbles and Lace Franchise, LLC at:**
**26 Wyman Road, Marblehead, Massachusetts 01945**