FRANCHISE DISCLOSURE DOCUMENT

Franchisor: BOCONCEPT FRANCHISE, INC.
Type of Business Organization: Corporation
State of Organization: Kansas
Business Address: 210 Mountain Avenue, #48, Springfield, New Jersey 07081-2211
Telephone Number: (201) 433-4461
Home Page: www.boconcept.us

The franchise offered is for the business of selling retail furniture and related products, under the name of BoConcept® and which is owned by BOCONCEPT FRANCHISE, INC. and its affiliated companies.

The total investment necessary to begin operation of a BoConcept Franchise, Inc., franchised business is between $~~418,500~~420,900.00 to $~~873~~877,500.00, dependent upon the size and location of each store. This includes $194,000.00 to $249,000.00 that must be paid to Franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive 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.**

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 accountant.

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

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

Issuance Date: ~~August~~April 1, ~~2022~~ 2023

STATE COVER PAGE-BOCONCEPT FRANCHISE, INC.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BoConcept business in my area?	Item 12 and the "territory" provisions in the franchise agreement and Appendix 1, 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 BoConcept franchisee?	Item 20 or Exhibit D 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 C.

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

2. **Spousal liability**: Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

4. **Minimum performance required.** You must maintain minimum performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

5. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Franchisor: BoConcept Franchise, Inc.
Issue Date: ~~August~~April 1, ~~2022~~2023

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EXHIBITS

ACKNOWLEDGMENTS

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

The franchisor is BOCONCEPT FRANCHISE, INC. For ease of reference, BOCONCEPT Franchise, Inc., will be referred to as "BOCONCEPT", "we", or "us" and includes our affiliates that provide goods or services to franchisees. We will refer to the person who buys the franchise as "you" throughout the Disclosure Document. If you are a corporation, limited liability company, partnership or other legally recognized entity your owners will have to personally guarantee and be bound by the obligations contained in the franchise agreement to be signed by you as described in this Disclosure Document.

The name of the Franchisor is BoConcept Franchise, Inc., and our current principal business address in the United States is 210 Mountain Avenue, #48, Springfield, New Jersey 07081-2211.

We primarily do business under our company name of BoConcept®.

We have certain predecessors or affiliates as defined in the Disclosure Document guidelines. BoConcept USA, Inc. ~~BoConcept USA, Inc.~~ is a Kansas corporation owned by BoConcept North America, Inc. (Delaware) which is owned by BoConcept A/S of Denmark. BoConcept USA, Inc. was originally formed on June 22, 1993 as Bo Concept Holding, Inc. and the name was changed to Club 8 Company, Inc., on January 6, 2000 and then changed to BoConcept USA on April 4, 2006.

On January 6, 2004, we formed Club 8 Franchise, Inc., as a separate Kansas corporation solely to franchise BoConcept® in the United States and the name was changed to BoConcept Franchise, Inc., on April 4, 2006. BoConcept Franchise, Inc. is also owned by BoConcept North America, Inc., which is owned by BoConcept A/S of Denmark. BoConcept A/S is owned by 3i Group plc, a multinational private equity company based in London, United Kingdom, founded in 1945 and now organized as a public limited company, listed on the London Stock Exchange as: LSE: III. Through predecessors and affiliates these companies have been in the business of furniture manufacturing and sales since 1952. The principal business address of our parent company in London United Kingdom is: 16 Palace Street, London SW1E 5JD UK.

The Agent for Service of Process in certain States is set forth in Exhibit C. Unless otherwise set forth in Exhibit C, our agent for service of process is Mark W. Arensberg, 10300 Howe LN, Leawood, KS 66206. We through our affiliates own the rights to the name BoConcept® and BoConcept®.

The Business of the Franchise. We franchise the business of retailing contemporary furniture and accessories (the "Franchised Business") under the "BOCONCEPT®" trade names and service marks (the "Marks") using certain inventory procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System and sometimes the "Concept"). The franchise offered is for the right to operate a BoConcept® business using the Marks and the System at a specific location sometimes also referred to as the ("store" or "Brand Store"). You must sign our franchise agreement (the "Franchise Agreement") when you purchase a franchise. The Franchise Agreement provides for identification of you as either a "First" franchise if you are starting your first BoConcept® Franchise Business or an "Additional" franchise if you are already operating a BoConcept® Franchise Business.

Competition. Your competitors would include national, international and local contemporary furniture retailers. The market for contemporary furniture in general is developed, and we believe the market for contemporary furniture continues to expand.

Regulations. We are not aware of regulations specific to the operation of your franchise with which you must comply. You will be required to comply with all local, state and federal laws applicable to the operation of any business. There may be other laws applicable to your business and we urge you to make further inquiries about these laws.

Operating BoConcept Businesses. As of ~~July~~March 31,~~2022~~ 2023, there are twenty two (22)~~ twenty two~~ operating BOCONCEPT businesses in the United States and Canada. These include twenty (20) total US/Canada franchises, with ~~fifteen (15~~sixteen (16) franchises in the US and ~~five (5~~four (4) franchises in Canada, (see Exhibit "D"), plus 2 additional Company owned stores in New York.

In forming this franchise program, we have chosen to combine and operate under the BOCONCEPT® name the retail contemporary furniture business. We have obtained a license to use and sublicense the use of the Mark and the System (See Item 13). We have not offered franchises of the type to be offered prior to January 1, 2003 either through BoConcept Retail, Inc. or BoConcept Franchise, Inc. Neither we nor our affiliates have offered franchises, or engaged in, any other lines of business.

Item 2. BUSINESS EXPERIENCE

President/Chief Executive Officer: Henrik Eriksen, Mr. Eriksen has over 35 years' experience in the retail furniture industry and has been employed by BoConcept A/S since 2008 and has been CEO of BoConcept USA, Inc. since 2016. In 2017, he became President of BoConcept Franchise Inc., and oversees all functions for BoConcept North America and is in charge of Business Development and Retail Division for North America.

Treasurer/Chief Financial Officer: Mike Hillyer-has been with BoConcept USA, Inc. since 2006. He has a BA in Finance and is responsible for the Accounting and Finance Department, Human Resources and Information Technology.

Secretary: Mark W. Arensberg-has been Secretary and Corporate Legal Counsel for BoConcept USA since 1994 and Secretary and Corporate Legal Counsel for Franchisor since 2004. He is responsible for legal representation and franchising matters for BoConcept Franchise, Inc. and its affiliated companies.

Item 3. LITIGATION

BoConcept Franchise, Inc. vs. HS Holdings NY LLC d/b/a BoConcept Westchester, Sanjay Chadha and Meenu Chadha, United States District Court Southern District Of New York, Case No. 7:21-cv-07641-PMH, filed September 13, 2021. This former Westchester New York, Franchisee had been in default of their Franchise Agreement (primarily payment terms) for a substantial amount of time and after numerous demands BoConcept filed a lawsuit against the franchisee to collect amounts owed (initially) in the amount of $375,998.59 plus interest, late fees, and attorneys' fees. No response was filed, so on March 8, 2022, BoConcept obtained a Default Judgement and ~~are preparing a default judgment motion and then barring an Appeal,~~now collection proceedings ~~will~~may be ~~initiated~~pursued by BoConcept. However, due to the lack of financial information on the defendants, is difficult to determine whether BoConcept will recover the amount still owing by this franchise pursuant to the Default Judgement.

Allan Rosenblum as Special Trustee for the Rosenblum Living Trust dated January 4, 1999 vs. BCLA-LA BREA, LLC, d/b/a BoConcept, BoConcept USA Inc., TEVA LA, LLC, Stephanie Duval, Stephane Duval, Los Angeles County, California, Superior Court of the State of California, filed September 29, 2021, Case No. 21STCV35863 (the "Lawsuit"). - This Lawsuit was filed by the former landlord of the Los Angeles, CA BoConcept Franchisee, (TEVA LA, LLC, Stephanie Duval and Stephane Duval) for past due rent and damages of at least $105,255.43 and ~~attorneys~~attorney's fees/costs, pursuant to a Lease. The Lease term began December 1, 2013 and was originally with a former Los Angeles Franchisee-

BCLA-LA BREA, LLC), who sold this BoConcept franchise store in March 2018 to TEVA LA, LLC, Stephanie Duval and Stephane Duval ("Teva-Duvals"), who also assumed the Lease. BoConcept USA, Inc. ("BoConcept USA") guaranteed the Lease for up to $200,000.00 (USD) during the initial term (December 1, 2013 thru February 28, 2021), so landlord ~~is~~was suing BoConcept USA for breach of Guaranty. BoConcept USA filed its Answer on November 19, 2021 as a general denial. ~~Teva-Duvals filed their Answer and Cross-Complaint on November 22, 2021, denying landlord's claims and claiming as affirmative defenses frustration of purpose, impossibility/impracticability, excused performance, Los Angeles County COVID-19 Tenant Protections, waiver, estoppel, unclean hands, and force majeure-all primarily due to loss of business caused by government closures during the pandemic. Teva-Duval's Cross-Complaint seeks declaratory relief regarding their obligation to pay 100% of rent during the months they could not operate their business, civil penalties under the County of Los Angeles COVID-19 Tenant Protections Resolution, and attorneys' fees. The landlord filed an Application for Right to Attach Order and Order for Issuance of Writ of Attachment on February 25, 2022 against BoConcept USA and it was partially granted on March 24, 2022, whereby the landlord was granted a Right to Attach Order for $191,193.88 against BoConcept USA since this amount was less than the maximum of BoConcept's Guaranty . The case is currently in the Discovery phase. The landlord served written discovery requests on BoConcept USA and Teva-Duvals (interrogatories, requests for documents, and requests for admission) to which defendants have responded. Discovery requests have not yet been served on the landlord, and no depositions have been taken (yet) of any party. Trial is scheduled for October 16, 2023.~~

The lawsuit was fully and finally settled by all parties pursuant to a confidential Settlement Agreement on October 31, 2022, with neither the Franchisee nor BoConcept admitting any liability. The lawsuit was dismissed on November 7, 2022 as to all parties.

BoConcept Princeton, LLC and BoConcept of New Jersey, LLC, d/b/a BoConcept Paramus, vs. BoConcept Franchise, Inc. Superior Court of New Jersey, Chancery Division, Docket No. C-106-20, filed June 3, 2020. This Franchisee, with locations in Princeton and Paramus New Jersey, filed this lawsuit alleging BoConcept Franchise, Inc., engaged in a scheme to eliminate franchises in the United States, in favor of corporate owned stores and as part of this alleged scheme, Franchisor wrongfully claimed Franchisee was in default and threatened to terminate both franchises. Franchisee requested an Order determining that Franchisor may not terminate these two franchises and compensatory damages, attorneys fees and costs. On September 11, 2020, BoConcept Franchise, Inc, filed an Answer denying all claims and also filed Counterclaims against Franchisee, for numerous past and continued defaults under both Franchise Agreements and a Promissory Note used to settle previous defaulted debt, requesting Judgement for all amounts past due and also currently owing, attorney's fees and costs. Discovery was completed and the parties were in serious settlement negotiations for several months. ~~However in March~~ Then, effective August 5, 2022, the parties settled this lawsuit as to all claims, with Franchisee paying certain amounts to BoConcept and BoConcept agreeing to a new Franchise Agreement covering both existing New Jersey franchised stores and 2 additional stores to be opened by Franchisee. The case was dismissed on October 13, 2022 as to all parties. ~~2022, settlement negotiations terminated. On April 11, 2022 BoConcept filed an Motion to Amend its Counterclaim to get declaratory relief that it can terminate both Franchise Agreements, in addition to collection of all amounts owed and attorney's fees and costs. Franchisee filed a Motion to Oppose BoConcept's Request to Amend and on April 29, 2022 the Court granted BoConcept's Motion to Amend its Counterclaim. Accordingly there is now an additional discovery phase and then Trial will be set.~~

Other than these actions, no litigation is required to be disclosed in this item.

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

Item 5. **INITIAL FEES**

For a BOCONCEPT® franchise, the initial entrance or franchise fee is $30,000.00. The initial franchise fee is not refundable. However, if BoConcept fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your Agreement, you may notify BoConcept in writing and demand that the Agreement be cancelled. The amount of the initial franchise fee may vary dependent upon the location of the franchise and number of franchises purchased which are determined on a case-by-case basis and there is no range of fees currently available. Certain States, may require us to defer payment of the initial entrance fee until we have completed our pre-opening obligations under the Franchise Agreement and the initial entrance or franchisee fee shall be payable to us upon your store opening which is after we have completed our pre-opening obligations, (see State Addendums, Exhibit E) .

Depending upon the size of your store, you also pay one of our affiliates (BoConcept USA, Inc. or BoConcept A/S) between $125,000.00 and $160,000.00 for initial inventory including accessories and furniture displays, and between $15,000.00 and $35,000.00 for store design, stylists and shopfitters, and $20,000 for an Interim Store Manager for 6 weeks, and an initial fee of $2,300.00 for AXAPTA (inventory, sales, delivery software) and User license of $1,700.00, payable as purchased. Except for the $30,000.00 franchise fee, there are no other fees or payments you would pay us before you open for business. The total of all of the above initial fees to us are between $194,000.00 and $249,000.00.

Item 6. <u>OTHER FEES</u>

Name of Fee	Amount	Due Date	Remarks
Inventory pricing	No additional fees over inventory prices for purchases from Franchisor affiliates	As purchased, per terms	See Notes 1 & 2 & paragraph 14 in Franchise Agreement
Regional and Local Advertising and Ad-coverage Area Promotions	Minimum of 8% of Annual Gross Turnover for Local Advertising	To be spent quarterly & accounted for by you.	Payable to advertising vendors and coop as incurred-See Franchise Agreement cl. 10 & Supply Agreement Appendix 8
Marketing (Mapping) Fee	$1,000 - $3,000 per year; varies based on store size, layout, and windows	Monthly.	Payable to BoConcept for Annual Activity Wheel - which includes Point of Sale marketing, Social Media, and Website
Training-BoConcept Retail Academy	$3,000. Min., per year, plus cost of transportation, lodging and other expense	Monthly.	See item 11
Software (Currently AXAPTA)	$150.00 per month, per user	Monthly.	Varies by store size and location, See Items 7, 8 and 11.
Customer Insight Tracking (CIT)	Up to $100.00 per month – includes Online Customer Satisfaction Survey, Mystery Shopping, and Exit Interviews	Monthly	Varies by store traffic volume and options selected.

Other Annual fees	Business Intelligence - $375.00/yr; Fabric Samples - $1,000.00/yr minimum;	Monthly	Varies by store size and location, See Note 6 and Items 8 and 11.
Business Meetings	Cost of transportation, lodging and other expenses.	As incurred.	Varies depending upon subject matter, See item 11
Specialized Assistance	Additional specialized assistance is currently $550. per day plus cost of transportation, lodging & other expenses.	As incurred.	Tailored to experience of franchisee See Note 3 and Item 11.
Renewal Fee	No new entrance fee upon renewal		Franchisees in good standing who are eligible to renew their agreement will not pay an entrance fee
Transfer fee	$25,000.00	At time of transfer.	If you transfer franchise to a wholly owned corporation, limited liability company or partnership, we charge for our legal expenses and related costs but no transfer fee is due.
Audit	Cost of inspection or audit	As incurred.	Payable only if you fail to furnish reports or records or if the audit reveals you have understated your Gross Sales by more than 2%.
Interest	Maximum rate allowed by applicable law	As incurred.	---
Late Fee	in addition to interest and additional late fee may be charged for every notification, non-sufficient funds check or demand for payment.	As incurred.	Payment Demands, non-sufficient funds checks & other Franchise Agreement violations- i.e. failure to timely provide reports & financial statements.
Lease Renewal Fee	Currently there is no Lease Renewal Fee paid to Franchisor.		
Management Fee	To be determined under circumstances.	As incurred.	Payable during period that our appointed manager manages the Franchised Business upon your default, death or disability.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims arising from your operations.

System of Fines	19.3, Competition and 20.3, Confidentiality and 22.2 Termination alternative.	As incurred	19.3, 20.3, 22.2, Additional fines may be assessed in the future for Violations of policies in Company Operating Guidelines

(1) You must purchase all inventory and accessories from one of our affiliated companies (BoConcept USA, Inc. or BoConcept A/S). Purchases are defined as the cost of all inventory, accessories (except for special shipment requests from franchisee) or other purchases directly or indirectly from the Company and its affiliates (currently including shipping), exclusive of handling, taxes, insurance and duties. Inventory prices and terms may be changed by Company or its affiliates at any time upon thirty (30) calendar day's prior written notice to Franchisee. Annual Gross sales include all revenue collected by Franchisee from sales of all items by Franchisee.

(2) No Commission shall be due from you for purchases from us.

(3) At your request, we will provide additional assistance beyond our standard support, at a cost to you based on our then current daily fee for the respective personnel performing such assistance plus other reasonable expenses including all transportation, lodging and other expenses.

(4) All other fees except Regional and Local Advertising and Promotion are imposed by and payable to us and are non-refundable. Regional and Local Advertising and Promotion are payable to advertising vendors as incurred or to BoConcept A/S.

(5) All daily fees listed for training, consultation and assistance are for each separate person providing the consultation per day.

(6) Annual fees include: AXAPTA $1,800.00 per year per user, Retail Academy training $3,000.00, Mystery Shopping $1,200.00 which are all payable monthly (plus other fees which vary, samples, in-store TV, etc.).

(7) Although some fees may vary where indicated, fees charged by us are uniformly imposed on all franchisees.

(8) The highest interest rate allowed by California law is 10% annually.

Item 7. <u>ESTIMATED INITIAL INVESTMENT</u>

YOUR ESTIMATED INITIAL INVESTMENT (assumes average store size of 4,000 to 6,000 square feet):

Type of Expenditure	**Actual or Estimated Amounts**	**Method of Payment**	**When Due**	**To Whom Payment is To Be Made**
Initial Franchise Fee (1)	$30,000.	Lump Sum.	$3,000. on signing Letter of Intent – $27,000. At Store Opening.	Us.
Travel & Living Expenses During Training	$2,000. to $3,000.	As incurred.	Prior to Opening.	Other suppliers.

Office Supplies, Equipment and furniture	$4,000. to $5,000.	As incurred.	Prior to Opening.	Other suppliers.
Business Insurance	$1,500. to $2,500. (per month)	As incurred.	Each month.	Other suppliers.
Computer Equipment	$15,000. to $20,000.	As incurred	Prior to Opening	Other suppliers
AXAPTA Software entrance and user license	$4,000.	As incurred	Prior to Opening	Us.
Accounting and Legal Professional Fees	$5,000. to $10,000.	As incurred.	Prior to Opening	Other suppliers.
Local Architect	$20,000 to $50,000	As incurred	Prior to Opening	Other suppliers
Interim Store Manager	$0 to $20,000	As incurred	Prior to Opening	Us
Initial Inventory, depends on store size-see Accessories and Furniture	See below-in Accessories and Furniture/Product Displays	As incurred.	Prior to Opening.	Us.
Accessories	$40,000. to $60,000.	As incurred	Prior to Opening	Us.
Furniture/Product Displays	$75,000. to $110,000.	As incurred.	Prior to Opening.	Us.
Lease, Utility and Security Deposit	$20,000. to $50,000.	As incurred.	Prior to Opening.	Landlord Utilities.
Leasehold Improvements	$50,000. to $150,000.	As incurred.	Prior to Opening.	Other suppliers.
Store Buildout by merchandisers/ shop fitter and stylist	$20,000. to $35,000.	As incurred	Prior to Opening	Us
Signage	$5,000. to $20,000.	As incurred.	Prior to Opening.	Other suppliers.
Store Fixtures including Lighting and Flooring	$100,000. to $160,000.	As incurred.	Prior to Opening.	Other suppliers.
Equipment and Tools	$2,500. to $5,000.	As incurred	Prior to Opening.	Other suppliers.
Vehicles-leased	$900.to $1,500, per month	As incurred.	Prior to Opening.	Other suppliers.
Business Licenses and Permits	$1,000 to $1,500.	As incurred.	Prior to Opening.	Other suppliers.
Grand Opening Advertising	$25,000. to $40,000.	Lump Sum.	Between 1 month before and 3 months after scheduled store Opening.	Other Suppliers.
Additional Funds for 1st 90 days (2)	$0,000. to $100,000.	As incurred.	As incurred.	Third Parties.

TOTAL (3)(4)(5)	$~~418~~420,900. to $877,500.~~ to $873,500.~~	---	---	---

Explanatory Notes to Table:

(1) References to “Us” in this table and elsewhere includes our affiliates listed in Item 1 (currently all of the expenditures in this table referencing Us are paid to BoConcept USA, Inc. and BoConcept A/S).

(2) Initial Franchise Fee. As described in Item 5, for a BOCONCEPT® franchise, the initial franchise fee is $30,000.00.

(3) Vehicles- there currently are no specified requirements for the "Vehicles".

(4) Additional Funds. This item estimates your initial startup expenses. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; location of your store and lease rates and expenses; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs. We relied on the experience of opening and operating other retail contemporary furniture businesses, however expenses will also vary significantly by location.

(5) You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

(6) We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

(7) Amounts paid to others may not be refundable.

(8) All amounts owed to us are the personal obligation of each individual owner of franchisee and are secured by a security interest in any Lease for the Franchised Business premises and all inventory, proceeds and other collateral per the Franchise Agreement.

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases. You must purchase all inventory and accessories from us or our affiliated companies and except for having access to our product line no other material benefits are provided to you. No officer of the franchisor holds any ownership interest in any third-party supplier.

Revenue from Franchisee purchases. In the year ending April 30, 2022 BoConcept A/S sold $19,642.77 (USD) of inventory and accessories directly to franchisees which is 9.02% of the total revenue of BoConcept A/S. The cost of initial inventory and accessories purchased by you will represent 100% of your total inventory and accessories purchases in establishing your business and 100% of your total inventory and accessories purchases during operation of the business.

Shipping and Delivery of Inventory. We manufacture some items while other third parties manufacture or produce items for us. Due to the logistics involved in furniture manufacturing and distribution (including material and labor shortages and delivery and customs issues) we cannot guarantee shipping or delivery times.

Franchisee is fully responsible for all costs and services required to deliver and set-up all inventory to Franchisee's customers. Franchisee shall either employ delivery personnel and obtain appropriate delivery equipment or utilize a qualified independent vendor to provide delivery and set-up services. Regardless of which method is utilized, all delivery personnel (whether employed directly by or hired by you) shall be properly trained and managed by Franchisee. Company retains the right to approve all equipment and personnel utilized to deliver inventory to Franchisee's customers to insure compliance with Company standards.

Operating and Maintaining the Franchised Business. You must operate and maintain the Franchised Business, at your sole cost and expense, in accordance with our specifications and procedures contained in the Company Operating Guidelines as defined in the next paragraph, as available. You must use only those items, equipment, inventory, décor, supplies, apparel and signs, that we have approved for a Franchised Business as meeting our specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from us, our affiliates or suppliers approved by us. If you propose to purchase, lease, or otherwise use any equipment, inventory, décor, supply, apparel or sign which is not then approved by us or from a supplier not then approved by us, you must first notify us in writing and shall submit to us sufficient specifications, photographs, drawings, samples, and information, along with our then current daily fee (which is currently $550.00 per day) for each person which we provide for this determination plus reasonable expenses, for a determination by us of whether such inventory, décor, supply, apparel or sign, or proposed supplier complies with our specifications and standards relating to among other factors quality, price, consistency, reliability, financial capability, and customer relations, which determination shall be made and communicated in writing to you within forty-five (45) days from receipt of the submission from you. We and our affiliates may be making a profit on your purchases when you purchase any goods or services from us or our affiliates or an approved supplier. You must maintain the Franchised Business inventory, equipment, and furnishings in good repair, attractive appearance, and sound operating condition. You at your expense shall do the repairs, re-equipping and upgrading/remodeling reasonably requested by us from time to time. You must make no material replacements of or alterations to the store, vehicles, equipment, signs or other assets of the Franchised Business without prior written approval by us.

Purchase and Maintain Insurance. You must at all times during the term of the Franchise Agreement maintain in force at your sole expense such insurance coverage as we may, in our sole discretion, prescribe from time to time, including but not limited to fire and flood insurance, the normal business liability, business injury and consequential loss insurance policies. Such insurance coverage must be maintained under one or more policies of insurance of the types and containing such terms and conditions and minimum liability protection in such amounts, as are specified from time to time by us and issued by insurance carriers we approve of. All insurance policies required hereunder must provide that we will receive advance written notice of termination, expiration or cancellation of any such policy. Prior to your commencement of operations, and annually thereafter, you agree to furnish to us a copy of the certificate, or other evidence of the insurance, renewal, or extension of each such insurance policy, together with evidence of payment of premiums, evidencing the required limits if any are specified.

Computer Software. Our computer and certain related reporting requirements are provided in Item 11 of this Disclosure Document. The cost of all of the above-referenced purchases described in this Item and in Item 7 of this Disclosure Document, the cost of these required purchases and leases typically represents up to 90% to 95% of your total purchases in connection with the establishment of your Franchised Business. We estimate that of all purchases and leases to establish and operate the franchise 90% to 100% must be made from approved suppliers or in accordance with our specifications or standards.

We currently negotiate purchasing arrangements for the benefit of franchisees with the supplies of the furniture and accessories from whom you are required to purchase your inventory. The negotiations cover price terms, adequate supply, delivery, and other terms. No purchasing or distribution cooperatives for the Franchised Business currently exist.

Item 9. <u>FRANCHISEE'S OBLIGATIONS</u>

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

Obligation	Section in Agreement	Disclosure document item
a. Site selection and acquisition/lease	Sections 7.3, 7.4, 7.5,	Items 8 and 11
b. Pre-opening purchases/leases (prepay orders-Security Deposit)	Sections 5.6,	Items 5, 6, 7, 8 and 11
c. Site Development and other pre-opening requirements	Sections 6.2, 7.3, 7.4, 7.5, 8.1	Items 5, 7, 8 9 B. and 11
d. Initial and ongoing training	Sections 3.1.3, 3.1.4, 4.2-i, all of 12	Items 6 and 11
e. Opening	Sections 4.1, 5.13, 5.14, 6.2, 6.3	Items 8 and 11
f. Fees	Sections 5.5, 6.1,6.3, 8.4.1, 8.4.2, 9.2, 9.5, 18.7,	Items 5, 6 and 7
g. Compliance with standards/policies- Operating Guidelines- Minimum Turnover- and reporting.	Sections 1.1, 2.1.2, 2.1.4, 2.1.9, 2.1.17, 2.1.18, 3.1.2, 3.1.4, 3.1.7, 4.1, 4.2 c, 4.2 g, 4.6, 5.14, 8.1, 8.2, 8.5, 9.1, 9.5, 10, 11.2, 11.3, 12.1, 12.2.1, 12.2.2, 12.2.6, 12.3, 13.1, 13.2.1, 14.1, 14.4.1, 14.4.2, 14.4.3, 15.1.1, 21.3.14, 25.1.3,	Items 8 and 11
h. Trademarks & proprietary information	Sections 1.1, 1.2, 1.3, 2.1.27, 4.1, 4.2 5.10, 26 E.	Items 13 and 14
i. Restrictions on products/services offered	Section 14 and Appendix 8	Items 8, 11 and 16
j. Warranty and customer service requirements	Section 4.2 c.	Item 8
k. Territorial development-Development Plan	Sections 5 and Appendix 4	Item 12
l. On-going product/ service purchases	Sections 14 and Appendix 8	Item 8
m. Maintenance appearance remodeling	Section 8	Item 8
n. Insurance	Section 16	Items 7 and 8
o. Advertising	Section 11 and Appendix 8	Items 5, 6, 7, and 11
p. Indemnification-Personal Guaranty-Security Agreement	Sections 5.5 and 5.6 and Acknowledgement	Items 1, 6, 7, 9, 11, 15 and 22
q. Security deposit in EUR-cash or Bank Guarantee as security for payment and other obligations r. Owner's participation/	Section 5.6 Section 5.15, 12, 17	Item 15 Item 15

management/ staffing		
s. Records and reports	Section 15	Items 6, 8 and 11
t. Inspections/ Audits	Sections 15.1.3 and 15.3	Item 6
u. Transfer	Section 17.1.1, 17.1.3, 17.1.4, all of 18, 21.3 (2),	Items 6 and 17
v. Renewal	Section 23	Items 6 and 17
w. Post-termination obligations	Sections 21 and 25	Item 17
x. Non-competition covenants	Sections 19 and 20	Item 18
y. Dispute resolution	Section 27	Item 17
z. Other	Not Applicable	Not Applicable

Item 10. **FINANCING**.

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

Item 11. **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, TRAINING**

Except as listed below, BoConcept Franchise, Inc., is not required to provide you with any assistance.

Our Support Services Prior to Opening. Before you open your Franchised Business, we will:

(1) Designate your Territory. (Franchise Agreement – Sections 2.1.26, 4.1, 5.10 to 5.13 and Appendix 3.) (See Item 12.)

(2) Provide an initial training program for the operation of the Franchised Business using the BOCONCEPT® System. (Franchise Agreement – Sections, 3.1.3, 3.1.4, 4.2 i, 12) (See below.)

(3) After you select a site, you must obtain our approval of the site location and the lease. The factors which we may (but are not required to) consider for our approval include demographic radius characteristics and growth factors in the area, traffic patterns, ease of access, parking, visibility, allowed signage, competition from other businesses providing similar products and services, the proximity to other businesses, the nature of the businesses in proximity to the proposed site, and other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. We recommend that the size of the location be a minimum of 4,500 to 6,000 square feet. We approve or disapprove locations or leases by a written notice, which is delivered to you. We use our reasonable best efforts to deliver such notification to you within thirty (30) days after the location evaluation or lease information is available. If we cannot agree on a site after thirty (30) days from the date of our notice of disapproval, your Franchise Agreement shall automatically terminate and any deposit shall be retained by us. You must lease the premises for your location in the form and manner required by us pursuant to your Franchise Agreement incorporated therein and deliver a copy of the executed lease to us immediately after its execution. You must not execute any lease, which has not been approved in writing by us. You must not execute or agree to any modification of the lease without our prior approval. You must agree that any new, amended, restated, extended or renewed lease for the location will include the above terms and conditions required to be included in a lease for a location. If you want to relocate, you must notify us in writing at least sixty (60) days prior to the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us,

the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors. Our approval of the location and the lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the lease terms. We will not be responsible for the failure of any location approved by us to meet your expectations as to revenue or operational criteria. (Franchise Agreement – Section 7.3.)

(4) Provide pre-opening and opening supervision and assistance by our personnel at your location. (Franchise Agreement –13.1) You will complete New Franchisee Introductory training week prior to your store opening.

(5) Provide written specifications for store construction or remodeling and for all required and replacement equipment, inventory and supplies (Franchise Agreement-Section 8 (See item 11 below).

Our Support Services During Operation. During the operation of your Franchise Business, we will:

(1) Provide you a continuing advisory service through a Head of Market or other similar company representative ('HOM') available to the Franchisee, concerning the operation of your Franchised Business. The HOM shall provide support and advice, e.g. regarding sales, marketing, product training, store evaluation, financial performance of the Brand Stores. The HOM may either physically or virtually visit the Franchisee one to two times a year, as determined by us. (Franchise Agreement – Section 13.1).

(2) Furnish you, at your request, additional assistance beyond our standard support. (See Item 6 above).

(3) Provide you with access to advertising and marketing materials we may develop. (Franchise Agreement –Section 4 and 11 and Appendix 8.) (See Item 6 above and Item 11 below).

Provide you with access during the term of the Franchise Agreement to our online Company Operating Guidelines as available and updated. The Company Online Operating Guidelines will contain mandatory and suggested specifications, standards, and operating procedures, which we prescribe from time to time for BOCONCEPT® Franchised Businesses, as well as information relative to other obligations you have in the operation of the Franchised Business. Currently there are the following subjects covered in the PowerBook (Operations Manual):
-BoConcept webpage
-BoConcept intranet
-BoConcept Universe
-Basket Size Check List
-Traffic Counter
-Media Portal
-Staff management
-Products
-Marketing & visuals
-Logistic & inventory
-Administration & IT
-Finance & key figures
-Store routines
We will provide you the opportunity to a supervised view of the Operations Manual (BoConcept Manual) before buying the franchise. The Company Operations Manual or Operating Guidelines may be modified from time to time to reflect changes in the specifications, standards, operating procedures and other obligations in operating BOCONCEPT® Franchised Businesses. (Franchise Agreement –Section 3.1.4, and Appendix 2).

Local Advertising and Promotion. You must spend at least a total of eight percent (8%) of your Annual Gross Turnover for all Local Advertising, Regional and Local advertising and promotion of the Franchised Business and the Marks, each year, (See Franchise Agreement clause 10 and Appendix 8, Supply Agreement).

We may review your books and records from time to time to determine your expenditures for such advertising and promotion. If we determine that you have not spent the requisite amount, we may require you to pay such unexpended amounts to us directly.

You also agree to list and advertise the Franchised Business in the principal regular (white pages) and classified (yellow pages) telephone directories distributed within your Territory, as are specified by us utilizing our standard forms of listing and advertisements. You shall at your expense arrange for the telephone numbers of the Franchised Business to be owned by us but to be billed to you.

Before you use them, samples of all local advertising, promotion and public relations materials not prepared or previously approved by us must be submitted to us for approval, which will not be unreasonably withheld. You may not use any advertising, promotion or public relations materials that we have disapproved. Provided that a majority of the BOCONCEPT® locations in our ad-coverage area agree to participate in the program, you shall participate in and contribute your share to additional advertising and promotional programs in your ad-coverage area in the future. The cost of the program shall be allocated among the locations in such area and each location's share shall be in proportion to its sales during the preceding twelve (12)-month period; but the aggregate of such additional contribution during any twelve-month period shall not exceed two percent (2%) of your Gross Sales during said twelve (12)-month period. "Ad-coverage area" shall be defined as the area covered by the advertising medium (television, radio or other media) as recognized in the industry. At the time a program is submitted, we will submit a list of all operating locations within the ad-coverage area. There are currently no advertising councils or local or regional advertising cooperatives.

Websites (as defined below) are deemed "advertising" under the Franchise Agreement and are strictly prohibited. The term "Website" means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Franchised Business, the Marks, us and/or the System. The term Website includes but is not limited to the Internet and World Wide Web home pages, as well as domains, social media accounts and similar mediums. Franchisees are not allowed to establish any homepage, website, domain or similar medium for sale of BoConcept Products or any other purpose. However, the Franchisee is entitled to create profiles on social media such as Facebook, Twitter, Instagram, etc., for the purpose of marketing the Products within Franchisee's Territory, provided that all such accounts are solely owned and administered by BoConcept and all content and revisions are preapproved in writing by BoConcept and all content, administration, access and passwords are established and controlled only by BoConcept in accordance with Section 11.5 of the Franchise Agreement and Appendix 7.

Training Program. Before the start of your Franchised Business, we will provide initial training on the operation of a BOCONCEPT® Franchised Business to you and your manager. You will complete New Franchisee Introductory training week prior to your store opening. Although there are no additional fees for this training, you are responsible for all travel and living expenses, which you and any of your employees incur in connection with training. You and your manager must complete the training program to our satisfaction. If you do not complete the training program to our satisfaction, we can terminate your franchise agreement. We encourage you to begin training before incurring any costs or expenses related to the planned opening of the Franchise Business. We will not be liable to return any franchise fee or pay any costs or expenses you incur if we terminate your franchise agreement because you do not pass the training program. You will participate fully in training as well as continuing franchise/industry seminars conducted in the U.S. and in Denmark/Europe as determined by us. We expect that most of the training will be conducted for you and your employees at your store location or another BoConcept store, however training may also occasionally occur at our main facility in Denmark or ~~in our facility in~~ New Jersey. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bimonthly) training schedules. The training program will be outlined by ~~the Franchisors'~~BoConcepts' U.S. Retail organization using instructors with a minimum of 3 years (on the job) experience in each subject taught and includes subjects such as:

Sales and Product Information; and

Software Systems (Axapta); and
Visual Merchandising; and
Marketing; and
Logistics and Supply Chain; and
Customer Service.

The hours of training (both classroom and on-the-job) as well as the location may differ for each franchise (based upon the background and experience of each franchisee) and accordingly there is no table regarding training topics/subjects, hours of classroom and on-the-job training and location.

In addition to the above training, we provide you pre-opening and opening on-the-job supervision and assistance at your store premises as needed, near the time of the opening of your store.

<u>Ongoing Training</u>. You must participate, if we require, in up to two weeks per calendar year in refresher training in the operations and marketing of the Franchised Business, although we currently are not requiring this. The refresher training may or may not take place at an annual convention or business meeting of franchisees, which we can require you to attend at your expense each calendar year.

TRAINING PROGRAM:

Subject taught	Hours of classroom or online training	Hours of on the job training	Location
New franchise introductory training-operation of a franchised business	Tailored to the background and experience of individual franchisees	Tailored to the background and experience of individual franchisees	Either at corporate offices or at franchisee's location or virtual
Sales training	15-20	5-10	Corporate offices and franchisee's location or virtual
Interior decoration	25-30	5-12	Corporate offices and franchisee's location or virtual
Product training	8-12	5-10	Corporate offices and franchisee's location or virtual
Onboarding of Sales Associates first 3 months	n/a	10-18	Online and Franchisee's location or virtual
AXAPTA	0	32	Franchisee's location or virtual
Visual merchandising/styling	0	16 hours per year	Franchisee's location or virtual
Marketing	4-6	2-4	Corporate offices and franchisee's location or virtual
Continuing franchise industry seminars Including BoConcept Retail Academy	Varies based upon subject matter	Varies based upon subject matter	In the US or in Denmark/Europe or possibly virtual

<u>Computer System</u>. You must keep books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Franchised Business. We may require from time to time that you use specific computer hardware and software, at your expense. You will utilize the accounting program known as AXAPTA. Axapta is a live program which you obtain from us and to be used in stores and our offices to manage our inventory, sales and deliveries. Axapta is a live system updated on a daily basis. There is a onetime initial entrance fee for AXAPTA of $2,300.00, and an AXAPTA User license of $1,700.00 that are both payable to us prior to store opening. There is also a maintenance fee of $150.00 per month per user (minimum 3 users).

These annual fees (plus other annual fees i.e., Mystery Shopping, samples, In-Store TV etc.,) are payable to us monthly beginning on the 15th day of the first calendar month after your store opens and by the 15th day of each month thereafter. Average store typically has 3 users. All store sales must be recorded and reported on the AXAPTA system. You are not required to purchase any hardware from us. The specific hardware and software minimum requirements are: Cisco router from Denmark to get access to Axapta (ordered by IT-servicedesk); Switch 8 or 32 port; standard pc with keyboard and mouse; MS Office 365; a monitor; printers HP, Canon or Ricoh, one with compatible-two paper trays (whitepaper/confirmation paper); Traffic counter; Suitable Antivirus/Security suite; X number of netcables RJ45 (CAT 6) for everything stated above.
Cash computer: for one-1 receipt printers (Should be Epson TM-T88II, TM-T88III, TM-T88IV); 1 Cash Drawers with connection to Epson Receipt printer; Flatscreen monitor; Standard PC with keyboard and mouse; 1 Barcode scanner supporting EAN13

Telephone requirements are: one dedicated separate phone line and number per retail store.

Additional specifications can be obtained from our accounting department at (201) 433-4461. We may have independent access to the information and data you maintain; and there are no contractual limitations on our right to access the information and data. We may change the accounting system software at any time at our sole discretion and you shall be responsible for all transfer and initial set-up costs. We are not obligated to repair the hardware or software and have no obligation to provide maintenance, repairs, upgrades or updates. We recommend you obtain a maintenance contract with a reputable organization for our computer hardware and software. You may be required to upgrade or update any computer hardware or software program during the term of the Franchise Agreement, at your expense. There are no contractual limitations on the frequency or costs associated with this obligation.

Construction of the Location. You must promptly after obtaining possession of the site for the Franchised Business: (i) submit for approval by us a site survey and any modifications to our basic plans and specifications (not for construction) for a typical Franchised Business (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Franchised Business at the site leased or purchased, provided that you may modify our basic plans and specifications only to the extent required to comply with all applicable laws, building codes and permit requirements and with prior notification to and approval by us (such approval shall not be construed as a guarantee or representation concerning the likelihood of success of such location); (ii) obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs provided herein; (iv) complete the construction and/or remodeling, equipment, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications previously approved by us and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling and installation services and materials; (vi) purchase in accordance with our specifications and requirements an opening inventory of products and supplies required for the Franchised Business (however we shall not be liable for your choices of inventory purchases); (vii) establish filing, accounting and inventory control systems conforming to the requirements presented by us; and (viii) otherwise complete development of and have the Franchised Business ready to open and commence business in accordance with the terms of the Franchise Agreement.

Conduct the Franchised Business According to System Standards-BoConcept Manual. You must conduct the Franchised Business offering only such products as we authorize from time to time. In the development and operation of the Franchised Business you must follow our specifications, standards, methods and operating procedures (the "System Standards"). You must develop and operate the Franchised Business in accordance with each and every System Standard, as periodically modified or supplemented by us, including without limitation the BoConcept Manual, Appendix 2. System Standards may govern all aspects of the development and operation of the Franchised Business, including without limitation, the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of confidential information; (3) types of authorized equipment, supplies and products; (4) designated and approved suppliers; (5) minimum hours of operation; (6) participation in market research and testing and product and service development programs prescribed by us; (7) qualifications, training, appearance and attitude of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer software/AXAPTA; (11) adoption of technological developments or advances; (12) suppliers of inventory(13) warranty work for customers; and (14) the addition or deletion of new products and/or services. You shall bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and your compliance with the System Standards as periodically modified or supplemented by us.

Operate in Compliance with Law and Company Operating Guidelines. You must operate the Franchised Business in compliance with applicable laws and governmental regulations and the withholding and payment of all taxes. You must obtain at your expense, and keep in force, and permits, licenses or other consents required for the leasing, construction or operation of your Franchised Business. In addition, you shall operate your Franchised Business in accordance with guidelines currently accessed in the BOCONCEPT PowerBook and BOCONCEPT Intranet ("Company Operating Guidelines" and also sometimes "BoConcept Manual"), which may be amended from time to time as a result of experience, changes in the law or changes in the marketplace. You must conform to such amendments, and make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by us. The Company Operating Guidelines are intended to further the purposes of the Franchise Agreement and is specifically incorporated into the Franchise Agreement such that they shall constitute provisions of the Franchise Agreement as if fully set forth therein. You shall not copy any part of the Company Operating Guidelines, permit any part of it to be copied, allow any portion to be used by anyone other than you, or disclose it or allow access to anyone not having a need to know the contents for purposes of operating the Franchised Business without our permission. You shall refrain from conducting any business or selling any services or products other than those approved by us. You must use your best efforts to promote and enhance the business of the Franchised Business for the full term of the Franchise Agreement. We may operate for the benefit of franchisees that are in compliance with the franchise system a system of fines, which you would pay for violations of some policies of the Company Operating Guidelines. For example, if your employees do not wear the proper attire, then you would pay a fine. There is currently no system of fines and if one is adopted, it would be described and updated in the Company Operating Guidelines. We reserve the right to utilize the electronic funds transfer system to implement the operations fine system when implemented.

Item 12. TERRITORY

Non-Exclusive Territory. You receive a franchise for a specific location in a Territory, as defined in Appendix 3 to your Franchise Agreement and which shall be designated, measured and defined by either zip codes, population size, actual legal boundaries and/or a map attached as an additional Exhibit to your Agreement, which would be in effect at the time you sign and during the term of your Franchise Agreement. The form of measurement Franchisor shall utilize for your Territory will depend upon each particular geographic location and its population, demographics and proximity to existing franchises, Franchisor company outlets or customers. You are prohibited from selling products or services by the Internet or by mail order or catalog. We will not, so long as the Franchise Agreement is in force and effect and you are not in default under any of the terms, enfranchise or operate any other BOCONCEPT® full store location within your Territory. However, we can conduct direct marketing and sale of the Products (or grant third parties the right to conduct direct marketing and sale of the Products) to commercial customers as well as consumers within your Territory, including but not limited to marketing and sale of the Products via inter-net shops and web-based market places operated by a third party (Section 5.10 and 5.11 of Franchise Agreement).

If you want to relocate, you must notify us in writing prior to the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Although we have not developed specific criteria to determine whether to approve a new location proposed by you, our judgment may generally be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market or other factors.

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

Development Plan. You have the right and obligation to open additional stores within your Territory pursuant to your development Plan (see clauses 4.1, 5.10 thru 5.15 of Franchise Agreement and Appendix 4). As part of this Agreement, we and you shall prepare and agree to a Development Plan, set out in Appendix 4, which shall contain your expansion plans. If your Development Plan is not strictly and timely complied with, this is a material breach of your Franchise Agreement and (in addition to all other remedies available under your Agreement, including termination cf. clause 21, including without limitation, termination of your Franchise Agreement), you shall be deemed to have forfeited your exclusive right to operate stores in the Territory as specified in clauses 5.10, 5.11, 5.13, and consequently we may enter into franchise agreements with other franchisees regarding the opening of Brand Stores in the Territory. In addition to this Agreement, if you or a company within the same group as you as Franchisee, cf. Appendix 9, has entered into other franchise agreements with us regarding the same territory as the Territory, failure to comply with Development Plan of one or more of such franchise agreements shall be deemed to constitute failure to comply with the Development Plan of all such franchise agreements. In such event you (and the relevant company/companies with-in the same group) will be deemed to have forfeited your exclusive rights to open Brand Stores within the Territory in respect of each such franchise agreement, and BoConcept may thus operate or grant any third party the right to operate Brand Stores within the Territory. We may also enfranchise or operate any other BOCONCEPT® location anywhere else, outside your Territory without offering you a right of first refusal. You do not have a right of first refusal over any locations outside of your Territory. We may sell products to other retailers without your permission, however not within your Territory.

We are allowed to operate and enfranchise anywhere any business under different trademarks (including in your Territory). However, neither we nor any of our affiliates, have any current plans to operate or conduct a business similar to that being offered in this Franchise Disclosure Document. We shall be allowed to conduct business using the marks or System on the Internet or by any other channel of distribution (including in your Territory). We have established one or more homepages on which our products are presented and described. You shall have the right and agree to be mentioned on such homepage(s) by name, address, telephone number, e-mail address and opening hours.

Our Option to Purchase your store and/or stores. As a franchisee you will sign a separate Call Option Agreement, whereby you grant us (or our affiliate) the option (but not the obligation) to purchase your company (entity) that owns all of your store assets at any time whether or not you are in default. This may include more than one store. Upon our exercise of this Call/purchase Option the amount we will pay for all of your ownership entity (owing all your store's assets) will be valued upon formula specified in the Call Option Agreement.

Subject to the terms in the above paragraph, we grant you the conditional exclusive right as specifically described above within the Territory on the conditions specified in your franchise agreement. If you fail to satisfy any material term or provision of your franchise agreement, we have the right but not the obligation to (i) terminate your franchise agreement or (ii) eliminate the conditional exclusivity of your right to operate BOCONCEPT® store within the Territory during the franchise agreement's remaining term, in which case we or our affiliates or another franchisee may operate, or allow one or more franchisees to operate, a BOCONCEPT® store within the Territory.

Pursuant to clause 10 of your Franchise Agreement, you are required to achieve a minimum amount of Gross Turnover as specified in clause 10, for a specified operating period or calendar year. Gross Turnover, means all gross retail order entry amount generated by your BoConcept business including the sale of Products, regardless of the manner of payment or method of consideration (e.g. transfer of goods as employee benefits) excluding: Sales Discount and Assembly and Delivery Fees; and VAT (value added tax) or Sales tax (tax collected on retail sales), or its equivalent on your sale of Products; and Cash refunds to customers in connection with customer complaints. If the total minimum amount of Gross Turnover fixed for an operating period or calendar year is not achieved for all your operating Brand Stores, we shall be entitled to terminate the Franchise Agreement at six (6) months' written notice to you.

Except as described above and in clause 10 of your Franchise Agreement specifying required amounts of Gross Minimum Turnover you must achieve for certain periods of time, your conditional territorial exclusivity will not depend on achievement of a certain sales volume, market penetration or other contingency. Except for material breach of your franchise agreement, there are no other current foreseeable circumstances that would allow us to modify your Territorial rights.

Item 13. TRADEMARKS

BOCONCEPT® Service Marks. The principal trademarks to be licensed to you are "BOCONCEPT®". The rights to the U.S. trademark are owned by our affiliate BoConcept A/S and we are authorized to license the name. The trademark has been registered on the principal register of the United States Patent and Trademark Office on December 25, 2007 as number 3360070 and all filings and affidavits are up to date. By having a Principal Register federal registration for BOCONCEPT®, we have certain presumptive legal rights granted by a registration. There are no currently effective material determinations of the U.S. Patent and Trademark Office, Trademark Trial Appeal Board, the trademark administrator of any state or any court. There is no pending infringement, opposition or cancellation action, nor any pending material litigation involving the principal trademark. There are no agreements currently in effect which significantly limit our right to use or license the use of the principal trademark in any manner material to the franchise.

Use of Service Mark. You must use the Marks as the sole identification of the Franchised Business, provided that you must identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You may not use any Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified from, nor may you use any Mark in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by us. You must prominently display the Marks on or in connection with, signs, posters, displays, service contracts, stationery, and other forms we designate. You shall not use our name or mark nor shall you utilize any alternative medium of advertising such as a web-site or internet whatsoever. We reserve the right to utilize and license any such alternative source of advertising or medium. You must, in the manner we prescribe, give such notices of trademark and service mark registrations and copyrights as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the Franchised Business and may contain "d/b/a BOCONCEPT®".

Infringements. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We and our affiliates will have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or U.S. Patent and Trademark Office or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. We shall take all necessary actions deemed solely by us that are necessary to maintain and protect the BOCONCEPT®" name and mark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our or our affiliates' counsel, be necessary or advisable to protect and maintain our interests in any such litigation or U.S. Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interests in the Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, you agree to comply with our instructions within a reasonable time after notice from us, and our sole obligation in any such event will be to reimburse you for your out-of-pocket costs of complying with this obligation. We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark, pursuant to and in compliance with the Franchise Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and have otherwise complied with the Franchise Agreement. We, in our discretion, will be entitled to defend any proceeding arising out of your use of any Mark pursuant to this Franchise Agreement, and, if we undertake the defense of such proceeding, we have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain. We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal trademark.

Item 14. <u>PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION</u>

No patents or registered copyrights are material to the franchise and no patent applications material to this franchise have been made or are pending. We and our affiliates claim copyright protection of our Company Operating Guidelines and related materials although these materials have not been registered with the United States Registrar of Copyrights. The Company Operating Guidelines and related materials are considered proprietary and confidential and are considered the property of us and our affiliates and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others. You will be entitled to use of the copyrighted and certain proprietary materials during the term of the franchise. There are no infringing uses known to us or our affiliate, which would affect your use of the proprietary and/or copyrighted materials. There are no agreements in effect that significantly limit our rights to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating us to protect your rights to use of the proprietary or copyrighted materials, but we will respond to this information as we deem appropriate.

Item 15. <u>OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF FRANCHISE BUSINESS</u>

We recommend, but do not require, that you participate personally in the direct operation of the Franchised Business. If you do not personally supervise the operation of the Franchised Business, then you must employ a manager to assist you or your managing shareholder or partner in operating the Franchised Business. All managers must complete the initial training program to our satisfaction and sign a confidentiality and non-competition agreement in the form we prescribe. The manager need not have an ownership interest in the entity owning the franchise. Each individual who owns any interest in the franchise entity and their spouse must sign an agreement assuming and agreeing personally to discharge all obligations of the Franchisee under the Franchise Agreement Section 5 and Guaranty (the Personal Guaranty).

Item 16. <u>RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL</u>

We require that you offer and sell only those goods, which we have provided and sell to you. We have the right to add additional authorized goods. There are no specific limitations in the Franchise Agreement on this right. See Section 14 and Appendix 8 and Items 8, 9 and 12. There are no restrictions regarding customers to whom you may sell goods as long as to residential consumers and not "business to business" and are solely from your physical retail store, within your Territory and not VIA internet or other alternative means of communication. Franchisor is allowed to recommend minimum and maximum prices for goods sold by you and currently does so.

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 21.1	5 years
b. Renewal or extension of the term	Section 23	If you have substantially complied with the Franchise Agreement, you can renew for one additional 5-year term.
c. Requirements for you to renew or extend	Section 23, Appendix 14	You must timely send written notice of intent to renew, sign new franchise agreement with materially different terms and conditions than their original agreement and refurbish or remodel the premises, and replace equipment to be in compliance with standards.
d. Termination by you	Section 21.4 and 21.6	If we breach a material provision of the Franchise Agreement & do not cure within 14 calendar days after your notice to us, you may terminate the Agreement.
e. Termination by us without cause (Not Applicable)	Section 21.2	We can terminate on 3 months prior notice if you engage in any of several listed activities.
f. Termination by us with cause	Sections 5.6, 5.10, 5.13, 21.2, 21.4, 21.5, 21.8,	We can terminate only if you commit any one of several listed violations
g. "Cause" defined - defaults which can be cured	Sections 21.4, 21.5	If you breach a material provision of the Franchise Agreement & do not cure within 14 calendar days after our notice to you, we may terminate the Agreement.
h. "Cause" defined - noncurable defaults	Sections 5.6, 5.10, 5.13, 21.2, 21.4, 21.5, 21.8	
i. Your obligations on termination/non-renewal	Section 25	Pay all amounts owed; return the Software Program & return or destroy all other materials; stop using Marks, System & confidential information; de-identify yourself from us; cancel assumed names; return to us any BOCONCEPT® signs; provide us with information about all customers; stop using e-mail and internet addresses, websites, domain names & search engine identifiers;
j. Assignment of Franchise Agreement by us	Section 18.1	No restriction on our right to assign.
k. "Transfer" by you - definition	Section 18.2-18.4	Includes any type of transfer of the Franchise Agreement or assets or any ownership change. Must offer assignment to Franchisor or 3rd party approved by Franchisor before assigning to 3rd party.

l. Our approval of transfer by you	Section 18	You shall obtain our prior approval of all transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Sections 18.2, 18.3, and 18.4	After 3 years, if Transferee qualifies; all amounts due are paid in full; you are not in default; transferee complies with training requirement; transferee has received required disclosure documents; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment; general releases signed; guaranty of performance may be required; and right of first refusal declined by us (also see r).
n. Our right of first refusal to acquire your business	Section 18.4	We can match any offer for your business, except broker's fees are excluded. Cash may be substituted for any form of payment proposed.
o. Our option to purchase your business	Section 21.3, on your death or permanent and disability and anytime per our Call Option Agreement- Appendix 13	Option to purchase your entity that owns all store assets (at any time regardless of your default) and may or may not include all stores you own
p. Your death or disability	Section 21.3	(See o.)
q. Non-competition covenants during the term of the franchise	Section 19	No involvement in any business offering products similar or in direct competition with those offered us or an organization franchising a similar business, without our written permission.
r. Non-competition covenants after the franchise is terminated or expires	Section 19.2	No involvement in any business offering products similar or in direct competition with those offered us or an organization franchising a similar business, for 12 months after expiration or termination of your agreement.
s. Modification of the Agreement	Sections 28 and 30	Modification by written agreement signed by you and us. The Company Operating Guidelines can be revised and modified.
t. Integration/Merger clause	Section 28	Only the terms of the Franchise Agreement and any other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 27	Except for certain claims, all disputes must be arbitrated in the city where our parent company's headquarters is located when the proceedings are conducted (Copenhagen Denmark), unless required by your state.
v. Choice of forum	Sections 5.5 and 27	Subject to applicable Danish law, arbitration must be in Copenhagen, Denmark, unless required by your state
w. Choice of law	Section 27	Subject to applicable Danish law, Danish law applies, unless required by your state

Item 18. **PUBLIC FIGURES** We do not currently 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 reasonable basis and written substantiation 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 1, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any financial performance representations. We do not authorize our employees or representatives to make any such representations either orally or in writing. However, if you are purchasing an existing outlet, we may provide you with the records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Mark Arensberg PO Box 7646, Overland Park, Kansas 66207, (913)-346-4700, the Federal Trade Commission, and appropriate state regulatory agencies.

20. (US-CANADA) OUTLETS AND FRANCHISE INFORMATION

Table 1-SYSTEM WIDE OUTLET SUMMARY FOR YEARS ~~2019,~~ 2020, 2021, 2022*
(*All ~~2021~~2022 figures in Item 20 tables include information thru ~~July~~March 31, ~~2022~~2023)

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	~~2019~~ 2020 2021 2022	~~18~~ 19 19 20	19 ~~19~~ 20 20	0 +1 0 ~~+1~~
Company Owned	~~2019~~ 2020 2021 2022	1 ~~1~~ 2 2	~~1~~ 2 2 2	~~0~~ +1 0 0
Total Outlets	~~2019~~ 2020 2021 2022	~~19~~ 20 21 22	~~20~~ 21 22 22	+1 +1 ~~+1~~0

Table 2-TRANSFERS OF FRANCHISED OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN THE FRANCHISOR (For Years ~~2019,~~ 2020, 2021 and ~~2021~~2022*)

Column 1 State	Column 2 YEAR	Column 3 Number of Transfers

~~CA~~NA	2019 2020 2021	0 0 0
Total	2019 2020 2021	0 0 0

Table 3-STATUS OF FRANCHISE OUTLETS FOR YEARS ~~2019,~~ 2020, 2021, and ~~2021~~2022*

Col 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of Year
California	~~2019~~ 2020 2021 2022	4 4 ~~4~~5	0 1 0 ~~1~~	0 0 0	0 0 0	0 0 0	0 0 0	4 ~~4~~ 5 5
Florida	~~2019~~ 2020 2021 2022	2 2 ~~2~~3	0 ~~0~~ 1 1	0 0 0	0 0 0	0 0 0	0 0 0	2 ~~2~~ 3 4
Georgia	~~2019~~ 2020 2021 2022	~~1~~ 0 0 0	0 0 0	~~1~~ 0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Mass.	~~2019~~ 2020 2021 2022	~~1~~ 2 2 2	~~1~~ 0 0 0	0 0 0	0 0 0	0 0 0	0 1 0	1 2 ~~1~~ 2
New Jersey	~~2019~~ 2020 2021 2022	2 2 2	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	2 2 2
New York	~~2019~~ 2020 2021 2022	1 ~~1~~ 0 0	0 0 0	0 0 0	0 0 0	1 0 ~~1~~ 0	0 0 0	1 0 0
Penn	~~2019~~ 2020 2021 2022	~~1~~ 0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	~~1~~ 0 0 0	0 0 0
Virginia	~~2019~~ 2020 2021 2022	0 1 1	1 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
Washington DC	~~2019~~ 2020 2021 2022	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
Washington State	~~2019~~ 2020	1 1	0 0	0 0	0 0	0 0	0 0	1 ~~1~~

	2021 2022	1	0	0	0	0	1	0 0
Canada	~~2019~~ 2020 2021 2022	~~4~~ ~~4~~ ~~4~~5 5 5	0 0 0	0 0 0	0 0 0	0 0 0	0 0 ~~0~~1	~~4~~ ~~4~~ 5 5 4
Total	~~2019~~ 2020 2021 2022	~~18~~ ~~18~~ ~~17~~ 19 19 20	1 2 ~~0~~ ~~2~~1	~~1~~ 0 0 0	0 0 0	1 0 ~~1~~ 0	0 1 ~~0~~ 1	~~16~~ ~~16~~ ~~18~~19 20 20

Table 4-STATUS OF COMPANY OWNED OUTLETS FOR YEARS ~~2019,~~ 2020, 2021 and ~~2021~~2022*

	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of Year
NY	~~2019~~ 2020 2021 2022	1 ~~1~~ 2 2	0 0 0	1 0 ~~1~~ 0	0 0 0	0 0 0	~~1~~ 2 2 2
Total	~~2019~~ 2020 2021 2022	1 ~~1~~ 2 2	0 0 0	1 0 ~~1~~ 0	0 0 0	0 0 0	~~1~~ 2 2 2

Table 5-PROJECTED OPENINGS AS OF ~~August~~April 1, ~~2022~~2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company owned Outlets in the Current Fiscal year
CA FL NY	0 0 0	1 ~~2~~ ~~2~~ 1 1	0 0 0
Total	0	~~5~~3	0

The names and contact information for each franchised outlet are provided in Exhibit D, which also includes contact information for any franchisees terminated, not renewed or voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year. Addresses and telephone numbers for outlets of Current franchisees that are not yet open have not been identified, so are not included. There are no franchisees who have not communicated with us within 10 weeks of the disclosure document issuance date. Except as specified herein, no other franchisees ceased doing business or were cancelled, terminated or not renewed through ~~July~~March 31, 2023~~2022~~ or failed to communicate with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and franchisees sign provisions restricting their ability to speak openly about their experience with BoConcept. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

All information in Item 20 specified as for ~~2021~~2022 is for calendar year-end December 31, ~~2021~~2022 (and also includes information updated through ~~July~~March 31, 2023~~2022~~), and none of the information in any of Tables 1-5 has changed through ~~July~~March 31, 2023~~2022~~. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

21. FINANCIAL STATEMENTS -Attached to this Disclosure Document as Exhibit A are our audited financial statements dated as of April 30, 2020, April 31, 2021 and April 30, 2022 and Unaudited ~~but Verified~~ internal Income Statement and Balance Sheet updated through ~~July~~March 31, 2023. Our fiscal year-end is April 30th~~2022~~.

22. CONTRACTS The Franchise Agreement is attached to this Disclosure Document as Exhibit B which includes a Security Agreement and Personal Guaranty. Additionally, attached are Addendums for certain States (Exhibit E).

23. RECEIPT-The last page of the Disclosure Document is a detachable document acknowledging receipt of the Disclosure Document.

Exhibit A.	Audited financial Statements from April 30, 2020 through April 30, 2022 and Unaudited-internal Verified Income Statement-Balance Sheet updated to ~~July~~March 31, 2023~~2022~~, (attached)
Exhibit B.	Franchise Agreement (attached)-with Appendices 2, 3, 4, 5, 7, 8, 10, 12, 13, 14 and 15
Exhibit C	List of State Administrators (attached)
Exhibit D	Listing and contact information of current franchisees (attached)
Exhibit E	State Addendums to Franchise Disclosure Document and/or Franchise Agreement

APPENDICES TO FRANCHISE AGREEMENT:

Appendix 1:	Franchisee Organizational Documents (supplied by Franchisee)
Appendix 2:	MANUAL-Table of Contents
Appendix 3:	TERRITORY
Appendix 4:	DEVELOPMENT PLAN
Appendix 5:	Three-year BUDGET (supplied by Franchisee)
Appendix 6:	Not Applicable to US and Canada Franchisees
Appendix 7:	Requirements for Franchisee's use of SOCIAL MEDIA
Appendix 8:	SUPPLY AGREEMENT
Appendix 9:	Group Structure chart of Franchisee-Company (supplied by Franchisee)
Appendix 10:	Anti-corruption Policy and Guidelines
Appendix 11:	Individual Terms (if applicable)
Appendix 12:	US Addendum
Appendix 13:	Call Option Agreement
Appendix 14:	Request for Term Renewal
Appendix 15,	Request to Add Additional Stores

STATE ADDENDUMS

EXHIBIT "B"

FRANCHISE AGREEMENT

Issue Date: ~~August~~April 1, ~~2022~~2023

Table of contents

FRANCHISE AGREEMENT

Between

BoConcept Franchise, Inc.
210 Mountain Avenue #48
Springfield, NJ 07081-2211
(hereinafter referred to as the "**Franchisor**" and "**BoConcept**")

and

[INSERT NAME]
[INSERT ADDRESS]
[INSERT ADDRESS, POSTAL CODE, TOWN]
[INSERT COUNTRY-ZIPCODE]
EIN-Tax ID. no. [INSERT EIN NO.],
(hereinafter referred to as the "**Franchisee**")

(hereinafter BoConcept and Franchisee jointly referred to as the "Parties" and individually as a "Party"), have entered into the following Franchise Agreement, which shall include and fully incorporate herein, all Appendices and all Amendments for additional Brand Stores (collectively all the "Agreement"), cf. clause 2.1.12, has been entered into to be effective as of [INSERT DATE] (the "Effective Date"). For valuable consideration, received by the Parties, and intending to be legally bound, the Parties agree as follows:

1. Recitals and acknowledgements

~~1.~~

1.1 BoConcept has invested considerable resources in the development and acquisition of knowledge and know-how on the proper operation of BoConcept retail stores in relation to distribution and sale of Products and operation of the BoConcept concept as described in the BoConcept Manual, including but not limited to the BoConcept Power Book and other tools, developed and updated by BoConcept, and for which BoConcept has worked up a steadily growing demand and clientele based on the good reputation and goodwill enjoyed by the name BoConcept and the Trademark.

1.2 As an affiliate of BoConcept A/S of Denmark, Franchisor has the exclusive right to grant licences in respect of the Trademark, which is registered as a trademark in the Territory.

1.3 BoConcept is a successful business model with a well-developed concept and brand with retail stores operating in many countries. The methods for distribution, sale, establishment and operation of retail stores as well as sales promotion and marketing activities used together with or in connection with sale of furniture, accessories and other effects for the fitting up of private homes under the Trademark are trade secrets belonging entirely to BoConcept A/S and its affiliates.

1.4 The Concept is based on certain key provisions including (1) the offering of a wide range of high quality, lifestyle products at affordable prices, (2) a strong brand and business characteristic, (3) a professional sales and marketing program delivered by well-trained staff, (4) well-situated and well-fitted premises and (5) personal customer advice provided with a high level of service.

1.5 It is the obligation of both Parties in entering into this Agreement to maintain and develop the reputation, market position, profile and earning potential of the BoConcept brand.

1.6 By signing this Agreement, the Franchisee hereby acknowledges that:

1.6.1 the Franchisee received the Franchise Disclosure Document ("FDD"), which includes this Agreement and all other Exhibits including all financial and commercial information necessary to make its decision concerning the franchise ~~prior to the Franchisee's first personal meeting with BoConcept and~~ at least 14 Calendar Days prior to the signing of this Agreement;

1.6.2 the Franchisee has read and understands this Agreement;

1.6.3 the Franchisee has had the time and opportunity to obtain the advice and assistance of independent attorneys, accountants and other professional advisors prior to the signing of this Agreement;

1.6.4 all the Franchisee's questions regarding the franchised business have been answered to the Franchisee's satisfaction prior to the signing of this Agreement;

1.6.5 the Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognized that, like any other business, the nature of the franchised business may evolve and change over time, that an investment in a franchise business involves business risks and that the success of the venture is largely dependent upon the Franchisee's business abilities and efforts;

1.6.6 BoConcept has made no oral, written or visual representations, warranties or projections of actual or potential sales, costs, earnings, income, gross or net profits or success of the business venture contemplated by this Agreement;

1.6.7 the Franchisee has not received or relied on any representations about the franchised business by BoConcept and its officers, directors, employees or agents that are contrary to the statements made in BoConcept's franchise disclosure document or to the terms herein; and

1.6.8 BoConcept reserves the right, without accountability to the Franchisee, to receive and retain commissions, rebates, allowances and other similar amounts received by BoConcept from any supplier who has been approved by BoConcept from time to time in connection with the supply of goods, fixtures, furnishings, equipment, signs, supplies, and other products or services for the franchised business;

2. Definitions

2.1 In this Agreement the below terms and phrases shall have the following meaning:

2.1.1 **Affiliate** or **affiliates** of BoConcept Franchise, Inc. shall include but not be limited to BoConcept, USA, Inc., and BoConcept, A/S of Denmark.

2.1.2 **BoConcept** A/S means BoConcept A/S of Denmark, the parent company of BoConcept Franchise, Inc.

2.1.3 **BoConcept** means the franchisor, a company incorporated under the laws of the State of Kansas and whose registered office is located at 210 Mountain Avenue, #48, Springfield, NJ 07081-2211.

2.1.4 **BoConcept Manual** means the manual prepared by BoConcept, which includes a description of the Concept and the material available at any time for the use of the Parties including but not limited to the BoConcept Power Book. The BoConcept Manual is important for the Concept and the operation of the Brand Store and may be amended without notice by BoConcept from time to time.

2.1.5 **Brand Store or Retail Brand Store or Stores,** means each physical retail store operated under this Agreement, all Brand Stores, for Retail Sales of Products to end-consumers (1) by using the Concept and (2) under the BoConcept name, brand and trademark in accordance with this Agreement and the BoConcept Manual as well as BoConcept's directions and instructions (also see Retail Sales definition).

2.1.6 **Calendar:** All references to dates and/or periods of time shall be according to the Gregorian Calendar.

2.1.7 **Calendar Day** means all days of each week, month and year (including all Saturdays, Sundays and holidays). Unless otherwise specified all references herein to "days" shall mean Calendar Days.

2.1.8 **Concept** is specified in clause 3.

2.1.9 **Confidential Information** means the considerable confidential information and know-how regarding the Concept and BoConcept's systems and methods of business, cf. clause 20.

2.1.10 **Development Plan** is specified in clause 5 and Appendix 4.

2.1.11 **Effective Date** means the date set out at page 3 of this Agreement, which is the date on which this Agreement becomes enforceable by the Parties as opposed to the Issue Date, which is the date of this version of the Franchise Agreement.

2.1.12 **Franchise Agreement** or the **Agreement** means this Franchise Agreement and all related Appendices and all additional Amendments for additional Brand Stores between BoConcept and the Franchisee.

2.1.13 **Franchisee** are the legal entities specified on page 3 of this Agreement and any Amendment for additional Brand Stores, cf. Appendix 1 and Appendix 4.

2.1.14 **Gross Turnover** is defined in clause 10.1.

2.1.15 **IT Application** means the IT equipment specified in clause 9.

2.1.16 **Major Changes** means changes in the Concept. Major Changes shall include replacement and purchase of parts etc., at a cost per part exceeding USD $15,000.00 per Brand Store. The Franchisee's costs of Major Changes shall not be required to exceed a maximum amount of USD $300,000.00 per Brand Store per calendar year. Parts shall be interpreted as a reference to any separate unit, e.g. a new front, front sign, counter, or rack.

2.1.17 **Minor Changes** means changes to the Shop Fixtures, logo, Proprietary Marks, and other business characteristics. Minor Changes shall include replacement of parts, at a cost per part not exceeding USD $10,000.00 per Brand Store. The Franchisee's costs of Minor Changes shall not be required to exceed a maximum amount of USD $50,000.00 per Brand Store per calendar year. Parts shall be interpreted as a reference to any separate unit, e.g. a new front, front sign, counter, or rack.

2.1.18 **Owner** means the natural person(s) ultimately owning the Franchisee either directly or through one or more holding companies.

2.1.19 **Party** means BoConcept and/or the Franchisee, and the **Parties** means BoConcept and the Franchisee collectively.

2.1.20 **Place of Business** means the physical location of the premises where all of the Retail Brand Stores are located including all additional Brand Stores pursuant to the Development Plan, including without limitation, the retail space and any storage or other premises is specified in clause 4.1.

2.1.21 **Products** are specified in clause 14.

2.1.22 **Retail Sales** means offering Products to a residential end consumer, and not business-to-business sales.

2.1.23 **Right of Operation** means the rights obtained by the Franchisee based on this Agreement, in particular those set out at clause 4.

2.1.24 **Shop Fixtures** mean the furnishings and fittings designated by BoConcept at any time in accordance with the BoConcept Manual.

2.1.25 **Term** is specified in clause 21.1.

2.1.26 **Territory** also referred to as "Development Territory", is specified in clause 5 and Appendix 3.

2.1.27 **Trademark** means the trademark associated with the name BoConcept, which is registered as a trademark in the Territory.

3. The Concept

3.1 The Concept includes (but is not limited to) the following:

3.1.1 The name "BoConcept" used on its own or in connection with other names as a brand, trademark, company name or in any other way as an identifying characteristic of a business.

3.1.2 Selection and provision of products, accessories and spare parts included in the BoConcept Manual.

3.1.3 Training programs and courses provided before the opening of the Brand Store as well as continuing further training thereafter.

3.1.4 The BoConcept Manual, business descriptions, instructions and guidelines, product descriptions, sales tools, training material, IT Application and descriptions regarding business organization and Shop Fixtures prescribed by BoConcept at any time.

3.1.5 Brochures, signs, advertisements, exhibition equipment, logos, slogans, recommended price lists and other sales and marketing materials.

3.1.6 Interior and exterior design and decoration (including Shop Fixtures) of the Brand Store.

3.2 The Concept is described in more detail in the BoConcept Manual issued by BoConcept, which is a tool for BoConcept in its efforts to ensure that the Brand Stores are operated as well as possible and in compliance with the Concept. The Concept and the BoConcept Manual are developed continually by BoConcept and may be amended by BoConcept from time to time.

3.2.1 The BoConcept Manual is available partly in a hard copy version, which shall be provided upon execution of this Agreement, and partly in electronic format available via the intranet system developed by BoConcept. The content of the BoConcept Manual is listed in the attached table of contents, cf. Appendix 2.

3.2.2 The Franchisee shall be provided with a password for the intranet system, enabling access to the full BoConcept Manual.

3.2.3 BoConcept shall ensure that the Franchisee will continually receive information about changes to and updates of the BoConcept Manual, electronically via e-mail, via an intranet page or in paper format. It is then the obligation of the Franchisee continually to keep informed of changes to the BoConcept Manual and to ensure that it is complied with by everybody associated with the Brand Stores.

3.3 The Franchisee acknowledges that all rights of ownership and of disposal, etc., regarding the Concept and the rights attached thereto or derived there from, including intellectual property rights, as well as any goodwill attached to the BoConcept brand and the Concept, shall at all times solely belong to BoConcept. Thus, the Franchisee shall not be entitled in any way to transfer, assign or sell all or any part of the Concept etc. to any third party in any manner whatsoever, and the Franchisee may and is solely entitled to use the Concept within the framework of the Agreement and only for as long as the Agreement is effective. The Franchisee further accepts that any improvement or development related to the Concept and the rights attached thereto or derived there from, including intellectual property rights, and developed by the Franchisee shall be disclosed, provided and assigned free of charge to BoConcept, which may in turn pass it on to other franchisees.

3.4 The Franchisee agrees to cooperate with BoConcept and assist BoConcept in protecting and defending BoConcept’s intellectual property rights and undertakes to promptly notify BoConcept in writing of any infringements, claims or actions by others in violation of its intellectual property rights, provided always that BoConcept has the exclusive right to determine whether any actions shall be taken on account of such infringement, claim or action. The Franchisee shall not take any action on account of any such infringement, claim or action without the prior written consent of BoConcept.

4. The Franchisee’s Right of Operation and Development Rights

4.1 Within the framework of the Agreement and for as long as it is effective, BoConcept hereby grants the Franchisee a right and a duty (Right of Operation) to operate all of the Retail Brand Stores at all the premises identified on Appendix 4 Development Plan, within the Development Territory identified in Appendix 3, (the Places of Business). For each and every additional Retail Brand Store location, Franchisee shall complete, sign and deliver to BoConcept, a Request To Open/Add Initial or Additional Retail Brand Store, which shall include at a minimum**,** the information contained in the form identified as Appendix 15, attached hereto and incorporated herein. Any such request to Open/Add Additional Retail Brand Store from Franchisee, must be received by BoConcept no later than 5 months prior to opening any such Retail Brand Store. Thereafter, when Franchisee initially identifies any additional Retail Brand store location, Franchisee shall complete, sign and deliver to BoConcept, a Request To Open/Add Initial or Additional Retail Brand Store, which shall include at a minimum**,** the information contained in the form identified as Appendix 15, attached hereto and incorporated herein.

Franchisee's Right of Operation to operate each and every Retail Brand Store shall be subject to all of the below terms, including:

a. The right and the duty to operate, at each Place of Business, a Brand Store in accordance with the Concept;
b. The right and duty to use the Trademark, signs, advertising names and other business characteristics related to the operation of each Brand Store according to the Concept and the BoConcept Manual;
c. The right to use BoConcept' secret know-how in relation to the operation of each Brand Store;
d. The right and duty to equip each Brand Store according to the BoConcept Manual; and
e. The right and duty, as part of operating each Brand Store, to use Shop Fixtures, installations, etc. described in the BoConcept Manual.

4.2 The Franchisee acknowledges and agrees that a key element of the Concept and BoConcept brand development is the consistent operation and management of all Brand Stores in compliance with the Concept. Accordingly, the Franchisee expressly warrants and agrees to operate its franchise business in compliance with the Concept, including strictly and timely adherence to all of the following key requirements:

a. The Franchisee or Franchisee's employees shall attend events, exhibitions, etc., as instructed and prescribed by BoConcept from time to time at Franchisee's costs;
b. The Franchisee is required free of charge to provide BoConcept with any information BoConcept may request regarding the Franchisee or the Brand Stores;
c. The Franchisee shall use its best endeavours to ensure and maintain the good image and reputation of BoConcept and thus shall timely remedy any errors and/or shortages made to customers and redeliver defective products, handle warranty claims or alternatively arrange for a refund of the purchase amount to the customer in accordance with the stipulations contained in the BoConcept Manual or elsewhere communicated in this respect at Franchisee's costs;
d. Subject to any mandatory and overriding laws or regulations the Franchisee shall only use the building and room organization, design, operating equipment, fittings,

trademarks and other business characteristics and other types of marketing material in connection with the Franchisee's BoConcept business as prescribed by BoConcept;

e. The Franchisee shall offer for sale in the Brand Stores only such Products, accessories and other goods stipulated in writing by BoConcept;
f. The Franchisee shall only sell the Products from the Brand Stores;
g. The Franchisee shall operate the Brand Stores in accordance with the system of BoConcept and strictly observe BoConcept's instructions and principles as they are presented, e.g. in the BoConcept Manual;
h. The Franchisee shall use the IT Application software prescribed by BoConcept and be free to use any IT hardware, which is fully compatible and capable of operating the IT Application software prescribed by BoConcept in connection with the Franchisee's BoConcept business;
i. The Franchisee and the Franchisee's employees shall attend any training, courses or marketing activities organized or prescribed by BoConcept as may be required at the sole discretion of BoConcept, cf. clause 12.3 at Franchisee's costs;
j. The Franchisee timely pays all suppliers for deliveries in accordance with all agreed terms of payment;
k. The Franchisee does not in any way change, replace, cover up or remove displays or labels on/from the Products.
l. The Franchisee and any company or Affiliate within its group of companies shall all comply with the anti-corruption policy and guidelines attached in Appendix 10.

4.3 The Franchisee shall make every effort to establish, maintain and increase the Brand Store's turnover in strict compliance with clause 10 and shall ensure at all times that sufficient order volumes and stocks are available to meet the demand from the customers.

4.4 The Right of Operation shall entitle and require the Franchisee to use the Concept provided that the Franchisee exercises the Right of Operation in good faith and in accordance with the Concept in every respect. In case of doubts regarding the Franchisee's obligations under the Agreement or the Concept, the Franchisee shall contact BoConcept in writing to request more detailed instructions and BoConcept's interpretation or clarification shall be final.

4.5 The Franchisee acknowledges that the protection and development of the BoConcept brand and reputation is of key importance to the Franchisee and BoConcept. Therefore the Franchisee agrees to (1) inform BoConcept about any written complaints received about the Franchisee's business activities from any interested party whatsoever, (2) provide, without request, BoConcept with copies of all written complaints, articles, legal papers, etc. and (3) keep BoConcept informed about the progress of any such complaints. Ordinary customer complaints received by the Brand Store shall be exempt from this rule unless the customer has engaged an attorney to attend to the matter or filed a complaint with any governmental or official authority or threatened or initiated any legal action whatsoever.

4.6 The language of communication between the Parties shall be the English language. On its own account the Franchisee can translate all BoConcept's material, including the BoConcept Manual and marketing material, etc. into the languages spoken within the Territory covered by this Agreement. The Franchisee shall review all BoConcept's material, including the BoConcept Manual, and propose adaptation hereof to local conditions existing in the Territory covered by this Agreement. The Franchisee may, however, only make such adaptations and deviations from the Concept if BoConcept has pre-approved them in writing. The Franchisee must speak and write English fluently. In the event of any conflict between the text of this Franchise Agreement or any other documents generated by BoConcept which are translated by the Franchisee into the language or languages of the Territory and the English version thereof, the English version shall prevail.

5. The legal position of the Franchisee. Guarantee and security

5.1 The Franchisee shall not use or register the word "BoConcept" or any Product names or any similar words, designs, symbols, marks or variations whatsoever as part of any corporate name or domain or registry whatsoever.

5.2 The Franchisee shall operate its BoConcept business as an independent entity, legally and financially separate and distinct from BoConcept. The Franchisee is an independent contractor and shall never represent itself otherwise to any third party.

5.3 Nothing in this Agreement shall grant the Franchisee the right to act as an agent or on behalf of or in any other way bind BoConcept legally and/or financially.

5.4 BoConcept cannot be held liable or jointly and/or severally liable for the Franchisee's exercising of the Right of Operation or be obligated to contribute financially thereto unless otherwise specified in this Agreement.

5.5 The Franchisee or, if the Franchisee is a legal entity, then all of its individual owner(s) and spouses, hereby agree(s) and consent(s), by signing this Agreement to: personal jurisdiction and venue; and to hold themselves all primarily and personally liable as joint and several guarantor/guarantors on first demand for the Franchisee's performance of this Agreement in every respect, including timely payment of all current and future amounts owed to BoConcept and any Affiliates, including but not limited to debt arising out of deliveries under the Supply Agreement, contract penalties, accrued interest and any other costs or fees payable to BoConcept or its affiliates, regardless of whether such amounts are invoiced to another party for the benefit of Franchisee. Franchisee and all individual owners thereof hereby also grant BoConcept a first (first position) Security Interest in any and all: leases and subleases of the franchised business; current and after acquired inventory, goods, receivables, intangibles, and any proceeds thereof (including without limitation insurance proceeds) owned by or in the Franchisee's possession or in Franchisee's agents' possession; all units of ownership in the franchisee legal entity; and all personal assets of all individual Owners and spouses and guarantors, all as security for any and all current and future amounts owed to BoConcept and its Affiliates.

This personal guaranty and Security Agreement shall be fully enforceable without signing any other separate documents.

5.6 As further security of the Franchisee's obligations under this Agreement the Franchisee shall pay to BoConcept, a deposit ("Security Deposit") in an amount equal to ten percent (10~~) per cent~~%) of the value of the estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service fees for the initial 12 months of operation, based upon the 3 year Budget, Appendix 5. Such Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days prior to opening the initial Retail Brand Store. BoConcept shall hold said Security Deposit to further secure Franchisee's obligations under this Agreement, including timely payment. Such Security ~~deposit~~Deposit shall be adjusted once a year in January by BoConcept, so that it corresponds to an amount equal to ten percent (10~~) per cent~~%) of the value of the estimated yearly purchases by Franchisee of all Products, supplies and service fees for that calendar year for all of Franchisee's operating Brand Stores for the following calendar year, beginning effective as of January 1 of each year during the Term. If such yearly adjustment results in an increase in Franchisee's Security Deposit, the amount of such increase, shall be paid by Franchisee to BoConcept no later than 14 calendar days of Franchisee's receipt of notice of such increase from BoConcept. However, in no event shall the amount of the Security Deposit ever decrease. After the opening of each additional Brand Store, BoConcept shall be entitled to require an initial Security Deposit and that the Security Deposit for each separate Brand Store shall be adjusted once a year by BoConcept in January so that it corresponds to an amount equal to ten percent (10~~) per cent~~%) of the value of the estimated yearly purchase by Franchisee of Products, supplies and service fees for that calendar year for all currently operating Brand Stores.

However, notwithstanding anything herein to the contrary, once Franchisee has more than 1 operating Brand Store, BoConcept may, at its sole option, require the Security Deposit to be adjusted each year, to an amount equal to ten percent (10~~) per cent~~%) of the value of the estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service fees for the Franchisee's highest performing Brand Store (based on the previous 12 months of operations), then multiplied by the total number of Franchisee's operating Brand Stores. In which case, the amount of any increase in Franchisee's Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days from Franchisee's receipt of notice of such increase from BoConcept

Upon Franchisee's request, the Security Deposit may be substituted by an irrevocable bank guarantee in the same amount as the Security Deposit in favor of BoConcept. The bank guarantee shall be from a first class bank, which shall be approved by BoConcept, and shall be payable to BoConcept on first demand. The Franchisee shall pay all costs incurred in connection with the provision and maintenance of all guarantees and security agreements, including BoConcept's legal costs.

If, at any time and for any reason whatsoever, (including, without limitation, those related to clause 24), the Franchisee fails to make timely payment of any outstanding amount, which is owed to BoConcept or any affiliate, under this Agreement or any other related agreement with BoConcept, then BoConcept shall, at its sole discretion, be entitled to unilaterally withdraw the outstanding amount from the Security Deposit or alternatively execute and draw upon the bank guarantee. In such event, the Franchisee shall be required to restore the balance of the Security Deposit, or alternatively the bank guarantee, to bring the amount up to the level prior to BoConcept' withdrawal/execution. If the Franchisee fails to restore the entire balance of the Security Deposit, or alternatively the bank guarantee, within 14 calendar Days after Franchisee's receipt of written instructions from BoConcept to that effect, the Franchisee will be in material default of its obligations under this Agreement and BoConcept may pursue all its rights and remedies under this Agreement, including without limitation, termination of the Franchise Agreement pursuant to clause 21.2 as well as all other remedies herein.

5.7 In exercising the Right of Operation, the Franchisee must ensure compliance with all current, applicable laws and legislation. The Franchisee shall to the best of his ability inform BoConcept in writing of any material change in relevant law or legislation, which may affect BoConcept.

5.8 The Franchisee must also act in the utmost good faith towards BoConcept and any other franchisees of BoConcept at all times.

5.9 This Agreement shall only entitle the Franchisee to operate a single Brand Store in each Place of Business. The Right of Operation shall only be exercised from each Place of Business, the Products shall only be sold from each Brand Store, at each Place of Business, and the Franchisee shall not be entitled to conduct any other business whatsoever from each Place of Business, storerooms or offices, exhibition rooms, etc. belonging to each Place of Business, regardless of whether such business is incompatible or competes with the Concept or not, unless BoConcept has granted its prior consent in writing to such business.

5.10 Subject to the terms of this Agreement including without limitation, clauses 5.12-5.14, this Agreement grants the Franchisee an exclusive right to open and operate additional Brand Stores within the Territory~~. This implies that~~ and BoConcept may not operate or grant any third party a right to operate Brand Stores within the Territory. ~~As a consequence of the Franchisee's limited exclusivity as described above, BoConcept shall be entitled~~ BoConcept reserves all rights not specifically granted to Franchisee, including without limitation, the right to conduct direct marketing and sale of the Products (or grant third parties the right to conduct direct marketing and sale of the Products) to commercial customers as well as consumers within the Territory, including but not limited to marketing and sale of the Products to anyone via internet ~~shops~~ and web-based market places operated by BoConcept or a third party.

In the event of the Franchisee's material breach of this Agreement, including but not limited to failure to strictly comply with the Development Plan, ~~which~~that is not remedied within fourteen (14) calendar days from receipt of notice from BoConcept, the Franchisee shall be deemed to have forfeited its exclusive right to open and operate Brand Stores within the Territory. For the avoidance of doubt, it is emphasised that in the event of the Franchisee's material breach of this Agreement, BoConcept may instead or in addition, apply any or all other remedies available under this Agreement, including without limitation, termination of this Agreement, cf. clause 21.4.

5.11 If, in addition to this Agreement, the Franchisee or another company or other legal entity within the same group as the Franchisee, cf. Appendix 9, or in any way affiliated with Franchisee, has previously entered or in the future enters into other franchise agreements with BoConcept regarding the same territory as the Territory, any failure to comply with a development plan of any one or more of such other franchise agreements shall be deemed to constitute failure to comply with the development plan of all such franchise agreements including this Agreement. In such event, the Franchisee (and the relevant company/companies within the same group) shall be deemed to have forfeited its/their exclusive rights to open and operate Brand Stores and renew leases associated with the Retail Brand Store (associated herewith), within the Territory in respect of any and all such franchise agreements, and BoConcept may thus operate or grant any third party the right to operate Brand Stores within the Territory.

5.12 As part of this Agreement, BoConcept and the Franchisee shall prepare and execute a Development Plan, set out in Appendix 4, which shall contain the Franchisee's expansion plans, requirements and deadlines.

5.13 If the Development Plan is not strictly and timely complied with, the Franchisee shall be deemed to have forfeited its exclusive right in the Territory, and consequently BoConcept may open and operate Brand Stores and enter into franchise agreements with other franchisees regarding the opening of Brand Stores in the Territory. Moreover, the Franchisee's failure to timely and strictly comply with the Development Plan shall constitute material breach of the Agreement, cf. clause 21.5.13, and BoConcept may instead or in addition apply any or all other remedies available under this Agreement, including without limitation, termination of this Agreement, cf. clause 21.

5.14 In the situation where one or more Brand Stores are assigned pursuant to clause 18, the Development Plan must be adjusted. Any adjustment of the Development Plan as well as any adjustment in the definition of the Territory as a consequence of the assignment pursuant to clause 18, must be approved in writing by BoConcept before the assignment can be executed.

The Franchisee shall in any case be required to obtain BoConcept's prior consent in writing before opening and extending leases of any additional Brand Stores within the Territory. It shall be considered a material breach of this Agreement, which shall allow BoConcept to terminate this Agreement and any other agreements between the Franchisee and BoConcept, if BoConcept's consent has not been obtained in advance.

For the opening of every additional Brand Store, an amendment ("Amendment") to this Agreement shall be entered into between the Franchisee and BoConcept to identify the location, effective date, Minimum Turnover and adjusted Term in compliance with the Development Agreement, pursuant to a Request To Open/Add Initial or Additional Retail Brand Store as specified in clause 4.1 and Appendix 15.

5.15 The Franchisee shall use its best endeavours to carry out the Right of Operation personally in the Brand Store as manager. If the Franchisee cannot be present in person at each Brand Store during normal opening hours because the Franchisee is either operating a different Brand Store or because the Franchisee is a legal entity, the Franchisee shall appoint a skilled Brand Store manager to operate each Brand Store. If BoConcept determines, in its sole discretion, that the Brand Store manager is not sufficiently skilled to operate any Brand Store, the Franchisee shall be obligated to ensure that the Brand Store manager at the Franchisee's expense undergoes relevant education upon demand of and as determined by BoConcept. Each Brand Store manager shall comply with all the conditions specified in the BoConcept Manual. No other person other than the Franchisee or the Brand Store manager appointed in accordance with this clause shall be in charge of the day-to-day management of any Brand Store.

6. Entrance fee

6.1 At the time each Brand Store is opened, the Franchisee shall pay an Entrance fee to BoConcept for each separate Brand Store, in the amount currently charged at that point in time to BoConcept, covering the necessary initial assistance from BoConcept as well as access to the Concept. At the time of opening this Retail Store location, the Franchisee shall pay an Entrance fee of USD [INSERT AMOUNT] to BoConcept.

6.2 Prior to opening and any time thereafter upon BoConcept's request, Franchisee shall provide BoConcept with recent credit information/reports, personal financial statements, prior income tax returns and any other information deemed relevant and required to be updated from time to time by BoConcept for all individual owners of Franchisee. All such personal credit or other personal information provided, obtained and utilized by BoConcept shall be maintained in strict confidence except to communicate to recognized credit bureaus and for collection purposes. If BoConcept deems any such information to be unacceptable in BoConcept's sole judgement, BoConcept may elect to unilaterally terminate this Agreement and the Entrance Fee shall not be refunded. However, if BoConcept fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify BoConcept in writing and demand that this Agreement be cancelled.

6.3 On or before, the opening day of any additional Brand Store in compliance with the Development Plan or in any other way approved in writing by BoConcept, the Franchisee shall pay an additional Entrance fee to BoConcept, in the amount that is currently charged at that point in time by BoConcept.

7. The Place of Business

7.1 The Franchisee shall have a right and a duty to operate each Brand Store in accordance with the Concept at each Place of Business, specified in clause 4.1. The Franchisee shall ensure that each Place of Business is always kept clean and properly maintained and in accordance with the concept and manual.

7.2 Any change in address of any Place of Business shall be subject to BoConcept's prior consent in writing. Any change effected without such consent shall constitute a material breach of this Franchise Agreement.

7.3 The Franchisee shall not execute any unsigned lease agreement for any Brand Store until BoConcept's approval has been provided in writing. All leases shall allow the lease and all Franchisee deposits, to be assigned to BoConcept or its designee on the same terms and contain specific language that upon any default by Franchisee or termination of the lease before expiration, then upon prior written notice from BoConcept: i) the lease and any deposits, may be assigned to BoConcept or its designee on the same terms; and/or ii) BoConcept may at its option, operate Franchisee's store; and iii) BoConcept shall be notified by Landlord in writing within (10) calendar days of any material default by Tenant of the Lease or of any termination of the Lease for any reason before expiration if its term; and iv) the term of the lease must be equal to or longer than the term of the Franchise Agreement. Furthermore, Franchisee hereby authorizes BoConcept to contact any Landlord of Franchisee directly at any time, to verify Franchisee's compliance with these lease requirements, including without limitation, the assignability of Franchisee's lease to BoConcept and Franchisee's compliance with lease terms, etc.

Recommended language to be included in Franchisee leases are: "Tenant is an independent franchisee of BoConcept Franchise, Inc., ("Franchisor") and if at any time during any initial or extended Term of this Lease, there is any uncured default by Tenant or the Lease terminates before expiration for any reason, then Franchisor (or an affiliate thereof), may unilaterally elect to either operate Tenant's store or assume Tenant's Lease upon prior written notice to Landlord. In the event of any default by Tenant of any obligations to Franchisor or any affiliates, this Lease shall also be assignable to any other qualified party that Franchisor secures to assume liability under this Lease, so long as: all payment obligations whatsoever under this Lease are brought current at the time of any such assignment; and Franchisor and/or qualified third party accepts and agrees in writing to be fully liable under this Lease; and at Landlord's discretion, the original Tenant and Guarantor shall also remain liable." BoConcept's approval of any location and lease does not constitute any representations or warranties of the viability or success of the ~~brand~~Brand Store or the location. Upon signing any lease, the Franchisee shall provide BoConcept with a complete (executed) copy of the lease agreement including all appendices and amendments and a completed lease cover sheet in the form provided by BoConcept.

Once approved by BoConcept, no amendments shall be made to any lease agreement either before or after execution, unless also previously approved in writing by BoConcept (unless such obligations are imposed on the Franchisee as a result of an amendment of the law).

7.4 The Franchisee shall not assign the premises or any lease without BoConcept's prior written consent.

7.5 The Franchisee shall ensure that any lease agreement does not expire as long as this Franchise Agreement and all Amendments adding additional Brand Stores are in force.

8. Shop Fixtures and updates

8.1 The Franchisee shall timely purchase, obtain and install operating equipment, exhibition facilities, lighting and other Shop Fixtures in accordance with the BoConcept Manual and arrange for painting, decoration and furnishing of the premises as stated in the BoConcept Manual for each separate Brand Store. The Franchisee shall pay the costs in relation to the above.

8.2 Upon request, BoConcept shall make national or global stylists available for designing each Place of Business in compliance with the BoConcept Manual. Payment in advance from the Franchisee for the provision of such services may be required by BoConcept.

8.3 BoConcept shall designate suppliers from whom the Franchisee shall buy all needed Shop Fixtures to each Brand Store.

8.4 BoConcept may at any time for each separate Brand store:

8.4.1 upon prior notice of at least three (3) months, demand that the Franchisee complete minor changes to the Shop Fixtures, logo, trademarks and other business characteristics (Minor Changes). Minor Changes shall include replacement of parts, at a cost per part not exceeding USD $10,000.00. The Franchisee's costs of Minor Changes shall not be required to exceed a maximum amount of USD $50,000.00. per calendar year; and

8.4.2 upon prior notice of at least twelve (12) months demand that the Franchisee complete major changes with reference to changes in the Concept (Major Changes). Major Changes shall include replacement and purchase of parts etc., at a cost per part exceeding USD $15,000.00. The Franchisee's costs of Major Changes shall not be required to exceed a maximum amount of USD $300,000.00. per calendar year.

Parts shall be interpreted as a reference to any separate unit, e.g. a new front, front sign, counter or rack (does not include painting, labor and other supplies).

8.5 The Products shall also be updated in each Brand Store as recommended from time to time by BoConcept.

8.6 The Franchisee shall in all the above cases pay all the costs of alteration and any new purchases, etc.

8.7 The Franchisee shall, at its own cost, fully comply with any legislation, regulation or notices from public authorities requiring changes to the fittings, outlay, setup, etc. of each Brand Store e.g. in order to bring these in compliance with all laws and regulations including any planning or health and safety regulations.

9. IT Application and telecommunication

9.1 The Franchisee shall use and at its own cost purchase all IT software as prescribed by BoConcept and as described in the BoConcept Manual for the operation of each Brand Store (the "IT Application"). BoConcept may from time to time specify upgrades and new products to the Franchisee which, upon receipt of a notice to that effect by the Franchisee, shall form part of the IT Application. The Franchisee shall use its best endeavours to purchase and/or secure such updates at the earliest reasonable opportunity following receipt of such notice. If the Franchisee is utilizing IT Hardware which is incompatible with the IT Application, BoConcept shall be entitled to demand from the Franchisee that the Franchisee's IT Hardware is made compatible immediately.

9.2 The Franchisee shall pay all subscription charges, licence fees and consumption charges, etc. relating to the IT equipment.

9.3 BoConcept may designate an IT partner from whom the Franchisee shall purchase the IT Application and any similar or additional IT products.

9.4 The Franchisee shall be required to establish business procedures and safety routines with a view to ensuring that the IT Application is not used illegally, is dependable and that the loss of data is prevented.

9.5 The Franchisee shall arrange for maintenance and correcting of defects in cooperation with the super user of the Territory designated by BoConcept. The super user is the individual designated by Franchisee as Franchisee's primary contact person with responsibility and authority for administration of all of BoConcepts' point of sale/Axapta and any other operational software packages. The Franchisee shall pay a maintenance and support fee for this in accordance with the BoConcept Manual.

9.6 BoConcept accepts no responsibility for financial losses occurring as a consequence of defects in the performance of the IT Application, including the loss of function or data.

9.7 The Franchisee shall in its own name establish telephone and fax numbers, which the Franchisee shall be required to use in connection with marketing and sales.

10. Minimum turnover

10.1 For purposes of this Agreement, gross turnover ("**Gross Turnover**"), means all gross retail order entry amount generated by the Franchisee's BoConcept business including the sale of Products, regardless of the manner of payment or method of consideration (e.g. transfer of goods as employee benefits) excluding the following amounts:

10.1.1 Sales Discount and Assembly and Delivery Fees; and

10.1.2 VAT (value added tax) or Sales tax (tax collected on retail sales), or its equivalent on the Franchisee's sale of Products; and

10.1.3 Cash refunds to customers in connection with customer complaints.

10.2 The Franchisee's Gross Turnover from the retail operation of the first* Brand Store shall, on the basis of an evaluation based on the 3-year budget prepared at the time of signing of the Agreement, cf. Appendix 5, be equal to or exceed at least the following minimum amounts:

10.2.1 During the period from the Effective Date until the 31st of December of that year, the Gross Turnover must amount to at least USD [INSERT AMOUNT].

10.2.2 During the first full calendar year after the Effective Date, the Gross Turnover must amount to at least USD [INSERT AMOUNT].

10.2.3 During the second full calendar year after the Effective Date, the Gross Turnover must amount to at least USD [INSERT AMOUNT].

* The minimum amounts of Gross Turnover in clauses 10.2.1, 10.2.2 and 10.2.3 for each additional Brand Store shall all be included in each subsequent Amendment and applied to each additional Brand Store, unless modified by Amendment.

10.3 The relevant minimum Gross Turnover for each subsequent year shall be established by BoConcept, at its sole discretion, after discussion with the Franchisee before the start of each calendar year and by the 30th of November of the year preceding the relevant calendar year at the latest.

Regardless of the above mentioned clause, however, BoConcept can only with the consent of the Franchisee, establish the amount of the annual minimum Gross Turnover pursuant to this clause at a level exceeding the realized Gross Turnover of the previous calendar year with an addition of Five percent (5%).

10.4 If the total minimum amount of Gross Turnover fixed for an operating period or calendar year is not achieved for all operating Brand Stores, BoConcept shall be entitled to terminate the Franchise Agreement at six (6) months' written notice to the Franchisee.

11. Marketing

11.1 BoConcept retains overall control of all national and monitor local marketing and BoConcept shall be in charge of the implementation of national marketing. The Franchisee shall pay the costs of all national and local marketing within the Territory in accordance with ~~clause 6.1 of the Supply~~ this Agreement~~ attached as Appendix 8~~, unless further modified and superseded by amendment, i.e., Appendix 12, (North America Amendment To Franchise Agreement) or Appendix 11, (Individual Terms) or Appendix 15, (Request Amendment to Add Additional Stores).

11.2 Marketing contribution

11.2.1 The Franchisee shall be obligated to pay BoConcept for participation in **national** marketing at any time, upon three (3) months' prior notice from BoConcept. Upon such notice from BoConcept, the Franchisee shall be under an obligation to pay to BoConcept a contribution to the national marketing pool of three percent (3 %) of Franchisee's gross turnover for each and every operating Brand Store, as further defined in clause 10.1 of this Agreement.

11.2.2 The contribution is to be paid at any time by Franchisee within 30 calendar days of receipt of BoConcept's invoice. In case the contribution to the national marketing pool is insufficient to cover the costs of the national marketing, BoConcept is at any time, with three (3) months' prior notice, entitled to increase Franchisee's contribution.

11.2.3 The Franchisee shall pay for participation in the **local** marketing efforts within the Territory. As a result hereof the Franchisee shall be under an obligation to spend a minimum of eight percent (8%) of Franchisee's gross turnover for each and every operating Brand Store on local marketing, per BoConcept's recommended channels.

~~11.1~~

~~11.2~~11.3 BoConcept has designed and shall continue to design marketing material, including material for use in newspaper advertisements, radio and TV commercials, Internet commercials, direct mail letters, fairs and exhibitions, etc. in accordance with the BoConcept Manual, and shall place such material at the disposal of the Franchisee to a fair and reasonable extent. It shall subsequently be the Franchisee that makes a decision on choice of media and the extent of local marketing, always provided that the Franchisee shall:

- Use the marketing material and only such marketing material prepared and/or preapproved in writing by BoConcept for local marketing and make sure that the local marketing strictly complies with the standards of the marketing material provided. In particular any such local marketing must ensure that the name ”BoConcept” appears appropriately;

- Participate in such marketing initiatives, national or local, which may be recommended by BoConcept;

- Make sure that the local marketing complies with all relevant local law, and the BoConcept communication platform, and

- Accept that BoConcept may prohibit local marketing initiatives, regardless of whether they might be legal and in accordance with the Concept, in the event that BoConcept, in its sole discretion, decides that this is in the best interests of the BoConcept brand.

~~11.3~~11.4 Any business cards, stationery, order confirmations, offers, purchase agreements, invoices, receipts, business presentations, etc. used by the Franchisee must be prepared in accordance with the Concept, marketing materials and the BoConcept Manual and shall be produced at the Franchisee's own cost.

~~11.4~~11.5 BoConcept has established one or more homepages on which the BoConcept products are presented and described. The Franchisee shall have a right (and irrevocably consents) to be mentioned on such homepage(s) by name, address, telephone number, e-mail address and opening hours. BoConcept may be developing an e-trade system for use in connection with the marketing and sale of the Products. When the system has been completed, the Franchisee shall be entitled and required to participate in the e-trade system on the conditions established by BoConcept.

~~11.5~~11.6 The Franchisee shall not establish or operate, either directly or indirectly any homepage, website, or similar electronic medium for promotion and sale of BoConcept products or for any other purpose. However, the Franchisee is entitled to create profiles on social media such as Facebook, Twitter, Instagram, etc., for the purpose of marketing the Products, provided that the Franchisee strictly complies with all the requirements in Appendix 7.

~~11.6~~11.7 The Franchisee shall disclose any new marketing ideas, e.g. for new trademarks, slogans, designs, etc., to BoConcept. BoConcept shall then be free to disclose such ideas to the rest of the franchise network and/or incorporate them into the Concept should it so wish and no fee shall be payable to the Franchisee in respect of these ideas. The Franchisee shall not implement any such new ideas without BoConcept's prior consent in writing.

~~11.7~~11.8 On demand, the Franchisee shall to the extent allowed under local law and legislation required to provide BoConcept with information about the Franchisee's customers and prospective customers, including but not limited to name, address, email address etc., and all current and past orders, free of charge. BoConcept shall be entitled to use such information in every manner BoConcept deems appropriate, including but not limited to marketing, customer surveys etc.

12. Staff, training and support

12.1 The Franchisee shall employ and dismiss its own staff and shall be responsible for all rights and obligations resulting from its status as an employer. The Franchisee shall be responsible for ensuring that the Concept and the BoConcept Manual are complied with by all employees and all individual Owners of Franchisee personally. The Franchisee shall make sure that the employees are treated in accordance with the BoConcept Manual. For purposes of this clause 12, all references to "employees" shall include all individual Owners of Franchisee personally.

12.2 In this connection, the Franchisee shall at any time ensure the following:

12.2.1 That all employees and all individual Owners of Franchisee personally are qualified and comply with the Concept standards and the obligations appearing from e.g.

the BoConcept Manual. If it turns out that one or more of the employees and all individual Owners of Franchisee personally do not – in the opinion of BoConcept – comply with such requirements, the Franchisee shall within a period of two (2) months arrange for supplementary training/education, etc. as prescribed by BoConcept.

12.2.2 That the staff employed in the ~~stores~~Brand Stores – including the Franchisee personally or, if the Franchisee is a legal entity, its individual Owners all personally – shall at any time have the required personal and professional qualifications, and that they have gone through the compulsory basic and further training described in the BoConcept Manual.

12.2.3 That appropriate numbers of appropriately trained staff are available at all relevant times to ensure that the high level of sales and customer service required by the Concept are maintained.

12.2.4 That the conditions and facilities provided for employees comply with all relevant domestic legislative rules and regulations as well as with international treaties and conventions to which the Territory and/or the country of the Territory is a contracting state.

12.2.5 That the Brand Stores are managed competently by the Franchisee personally or a store manager as per clause 5.

12.2.6 That all employees are suitably dressed and in particular that any dress codes, etc. set out in BoConcept Manual are observed.

12.2.7 That all key employees with access to confidential information sign a contract of employment, including the appropriate usual clauses, including confidentiality clauses, non-competition clauses, non-solicitation clauses and non-enticement clauses, which are in compliance with all applicable laws in the Territory.

12.3 The Franchisee and its staff are required to attend the training program specified by BoConcept in the BoConcept Manual which may be provided by BoConcept itself or in cooperation with others. The Franchisee shall pay the costs in connection with the courses, including salary for the Franchisee's staff, transport costs, costs of hotel accommodation and meals. The training program can take place locally and/or at the headquarters of BoConcept in Denmark or virtually or at such other location as designated by BoConcept. In all cases the Franchisee shall pay the costs incurred in that connection.

13. Advice and cooperation

13.1 BoConcept shall make a Head of Market or other similar company representative ("HOM") available to the Franchisee. The HOM shall provide support and advice, e.g. regarding sales, marketing, product training, store evaluation, financial performance of the Brand Stores. The HOM shall either physically or virtually visit the Franchisee one to two times a year, subject to BoConcept's sole decision. Once a year a follow-up meeting shall be held between the Franchisee and BoConcept.

13.2 BoConcept shall supervise the Franchisee's exercising of the Right of Operation with a view to:

13.2.1 Ensuring that the Right of Operation is exercised responsibly and in accordance with the Agreement and the BoConcept Manual,

13.2.2 Supporting the Franchisee's business development and the Franchisee's business position, including supporting the Franchisee in its planning and organization of business activities, and

13.2.3 Establishing and maintaining efficient and constructive cooperation between the Franchisee and BoConcept.

13.3 BoConcept shall via letter, e-mail or Intranet, issue newsletters as required regarding issues which are relevant to the Concept and the Right of Operation.

13.4 Once a year, at BoConcept's sole discretion, BoConcept will hold an international strategy meeting, called BoConcept Inspiration Camp ("BIC") virtually or at its headquarters or at a location designated by BoConcept. In addition, BoConcept will hold two to four national meetings each year, at BoConcept's sole discretion. Either the Franchisee or each Store Manager shall attend all such meetings but they may also both attend the national meetings, the Franchisee being responsible for all costs incurred.

In order to ensure absolute compliance with competition law BoConcept will organize and conduct all meetings of the franchisees in such a manner that prices, territories, customer allocation, business terms etc. will not be subject for discussion. In addition, individual meetings may be held as agreed by BoConcept and the Franchisee in order to secure a future good working relationship.

13.5 BoConcept shall be entitled to deny access to the meetings mentioned in clause 13.4, if

13.5.1 The ~~agreement~~Agreement has been terminated by either Party,

13.5.2 The Franchisee in BoConcept's sole opinion is in material breach, or

13.5.3 If the Franchisee's attendance in BoConcept's sole opinion at a meeting would be inappropriate for any reason.

14. Products

14.1 BoConcept shall decide on the development and selection of the products and accessories to be part of the product range and must be offered at the Brand Stores, and fixtures and supplies (collectively the "Products"). The Products shall be stated in the BoConcept Manual (which may be amended from time to time).

14.2 The Franchisee shall purchase the Products in compliance with the Supply Agreement between BoConcept A/S and the Franchisee, cf. Appendix 8. BoConcept may change prices and payment terms at any time, effective after thirty (30) calendar days' prior written notice to Franchisee.

14.3 The Products are solely designed and constructed for residential use in private homes. In the event that the Franchisee in spite of this chooses to sell the Products for commercial use by commercial customers, including but not limited to restaurants, bars, cafés, hotels, motels and the like, the Franchisee shall not claim any remedies for breach towards BoConcept if the commercial customers subsequently complain of defects in the Products. Franchisee shall comply with all applicable laws related to the sale of the Products for commercial use by commercial customers, including but not limited to fire, health and safety and shall obtain any required certifications/approvals required. If Franchisee sells the Products for any commercial use whatsoever or in violation of any law, the Franchisee shall fully indemnify BoConcept and all Affiliates from any liability and claims whatsoever from any party including without limitation defects in the Products. The Franchisee's sale of the Products to property developers, professional landlords and the like, who apply the Products for residential use to furnish rental properties rented out as private homes, shall not lead to the Franchisee's loss of remedies granted under this Agreement towards BoConcept.

14.4 The first sentence of clause 14.3 shall not apply for the Franchisee's sale of the Products,

14.4.1 if BoConcept has approved the Products for commercial use by commercial customers, and listed the Products in the BoConcept Manual as being fit for commercial use,

14.4.2 if the Franchisee's sale of the Products for commercial use is conducted in compliance with any guidelines, requirements and/or conditions specified in the BoConcept Manual, and

14.4.3 if the Products are sold only to a kind of commercial customer (e.g. hotels, restaurants, bars, office facilities etc.), which has been approved by BoConcept and listed in the BoConcept Manual.

14.5 BoConcept may recommend retail prices for the Products, but the Franchisee is free to determine the retail prices for the Products. Retail selling prices for BoConcept Products may vary at other outlets and retailers.

14.6 The Franchisee and/or if the Franchisee is a company, its director(s) and the natural persons ultimately owning the Franchisee shall not be entitled to be involved in other commercial activities than the operation of the BoConcept business, including in particular, but not limited to, selling and/or marketing of other products and/or services than the Products, regardless of whether such products compete with the Products or not, without the prior written consent of BoConcept. The Franchisee may only sell Products supplied by BoConcept, other franchisees or by suppliers appointed by BoConcept. In case the Franchisee or the natural person ultimately owning the Franchisee perform actions in contravention of this stipulation, this is regarded as a material breach of this Agreement. BoConcept's Affiliates manufacture some items while other third parties manufacture or produce items for BoConcept. Due to the logistics of furniture manufacturing and distribution (including but not limited to labor and material shortages and delivery and customs issues) availability and shipping and delivery times for Products cannot be guaranteed and neither BoConcept nor its Affiliates or third-party suppliers shall be liable for any unavailability and/or delays in shipping and delivery of any Products whatsoever.

15. Accounts and reporting

15.1 The Franchisee shall:

15.1.1 For each quarter provide to BoConcept a Profit and Loss and Balance Sheet ("P/L-Balance Sheet") report for each Brand Store. Such P/L-Balance Sheet report must include a breakdown of required marketing expenditures and be received by BoConcept no later than twenty (20) Calendar Days following the end of each calendar quarter (i.e. by the 20th day of each of January, April, August and November of each year).

15.1.2 No later than at the signing of the Agreement and subsequently each year no later than two (2) months before the beginning of a new accounting year forward its budget for the coming accounting year to BoConcept;

15.1.3 No later than six (6) months after the end of each accounting year forward accounts audited or certified by a firm of Certified Public Accountants for the previous accounting year to BoConcept, and

15.1.4 Provide BoConcept with such additional financial information as may be requested by BoConcept concerning of the operation of the Franchisee's BoConcept business

15.2 All accounts and reports required pursuant to clause 15.1 shall be submitted to BoConcept in English and Franchisee authorizes BoConcept to utilize all data supplied by Franchisee in such manner and purposes as determined by BoConcept .

15.3 The Franchisee hereby irrevocably grants BoConcept the unrestricted right to access and inspect all books of accounts relevant or connected to the Franchisee's BoConcept business and warrants that Franchisee shall, to this end, use all reasonable endeavours to secure cooperation by the Franchisee's accountants with BoConcept to conduct any such inspections.

16. Insurance

16.1 The Franchisee shall take out and maintain all necessary insurance policies, including fire and flood and property and casualty, personal injury and death and workers' compensation, comprehensive public liability, vehicle liability, business interruption and general liability insurance, business, business liability, business injury and consequential loss insurance policies, together with any other insurance which may be demanded at any time by BoConcept. All such insurance policies shall: include coverage for defense costs including legal fees and name BoConcept Franchise, Inc., and all Affiliates and all officers, directors, shareholders, agents and employees thereof as additional insured's; and shall contain a waiver by the insurance carrier of all subrogation rights against BoConcept and all Affiliates; and shall provide that BoConcept shall receive at least thirty (30) days advance written notice of termination, expiration, cancellation or modification of any such policy. If Franchisee fails to maintain such required insurance, BoConcept may, at its option, obtain such insurance and Franchisee shall reimburse BoConcept for all premiums and other expenses incurred.

16.2 Before operation of each Brand Store is initiated and at any other time when BoConcept so demands, the Franchisee shall forward to BoConcept documentary evidence that the insurance policies stated under clause 16.1 have been purchased and maintained.

17. Exercise of the Right of Operation by a Corporate or other legal entity Franchisee

17.1 If the Franchisee in this Agreement and/or any subsequent Amendment, is a corporate body or any other legal entity ("Company"), the Franchisee shall:

17.1.1 Inform and provide BoConcept documentation of the identity of the owner(s) of the Company (including full legal name, home address, and ownership percentage and voting percentage for control) of all the owner(s) of the Company (including the individual owners of any legal entities that are owners of such Company), at the Effective Date and any subsequent transfer of ownership interests or voting rights. As of today's date, the Company is part of the group set out in the group structure chart attached in Appendix 9.

17.1.2 Ensure that all natural person(s) ultimately owning and/or controlling the majority of the ownership interests or voting rights in the Company is/are registered in the relevant trade register as the management of the Company,

17.1.3 Acknowledge that any subscription for new shares, cancellation of shares, transfer of rights, including as a gift and/or legacy, of the ownership interests or of voting rights in the Franchisee Company or in any company owning all or part of such rights and/or interests, without BoConcept's prior consent in writing, shall entitle BoConcept to terminate the Agreement without notice, and

17.1.4 Acknowledge that any alteration in the persons holding office as directors in the Franchisee Company without BoConcept's prior consent in writing shall entitle BoConcept to terminate the Agreement without notice.

18. Assignment or sale of rights and obligations

18.1 BoConcept shall at any time be entitled to assign in whole or in part its rights and obligations and other interests under this Franchise Agreement to a third party designated by BoConcept.

18.2 When the Agreement has been in force for at least three (3) years, and provided that the Agreement has not been terminated by one of the Parties before that, the Franchisee shall be entitled to assign its rights and obligations under this Agreement to a third party, which has been pre-approved in writing by BoConcept, provided that the potential buyer complies with BoConcept's minimum conditions applicable at any time, including but not limited to:

18.2.1 Education;

18.2.2 Industry knowledge;

18.2.3 Financial condition; and

18.2.4 Management experience.

18.3 It shall furthermore be a condition for the Franchisee's assignment of its rights and obligations under this Agreement that the Franchisee is not in any substantial breach of the Agreement at the time of the proposed assignment ("substantial" to be decided at BoConcept's sole discretion), and that the potential buyer signs an agreement, which confirms that the potential buyer personally accepts the terms and conditions of this Franchise Agreement as well as all personally guarantees and securities and other agreements required by BoConcept. BoConcept's consent to a proposed assignment shall not be unreasonably withheld.

18.4 Before the assignment to a potential buyer, cf. clauses 18.2 and 18.3 may be executed, the Franchisee shall offer to assign its rights and obligations under this Agreement to BoConcept or to a third party appointed by and approved by BoConcept on the same terms and conditions as are offered to a potential buyer. The offer to BoConcept shall be made in writing with a copy of the specific offer from the potential buyer and with a time stipulated for acceptance of 30 Calendar Days. In the event that BoConcept has not accepted the offer within 30 Calendar Days, the Franchisee shall be entitled to assign its rights and obligations under this Agreement to the potential buyer on the same terms and conditions as offered to BoConcept or to the third party appointed by BoConcept. If these terms of assignment are changed during negotiations between the Franchisee and the potential buyer, the Franchisee shall again make an offer to BoConcept first according to the above procedure before the assignment may be executed.

18.5 By invoking its rights under clause 18 the Franchisee shall be deemed to have forfeited its exclusive right as provided herein and Appendix 3. Further, the Franchisee shall be deemed to have accepted that BoConcept and/or third parties appointed by BoConcept may operate Brand Stores within the Territory.

18.6 Except for clauses 18.2 and 18.3 the Franchisee shall not assign any rights or obligations under this Agreement to a third party or pledge to do so without the prior written consent of BoConcept.

18.7 In the event of assignment according to the clauses 18.2, 18.3 or 18.4, the Franchisee shall pay an amount of USD $25,000. to BoConcept to cover BoConcept's costs of evaluating and facilitating the transaction and providing training, plus reimbursement of BoConcept's legal costs.

19. Competition

19.1 During the term of the Agreement, the Franchisee, or if the Franchisee is a corporate or other legal entity, all its director(s), officer(s) and all owner(s) ultimately owning the Franchisee, shall not be entitled directly or indirectly to operate, be employed in or have any interests whatsoever in any business competing with the Right of Operation or the Concept. For purposes of all subsections of clause 19, "indirectly" shall always include without limitation, through any other parties and/or entities utilized for the purpose of circumventing this provision.

19.2 As the Franchisee as part of the exercising of the Right of Operation will receive from BoConcept considerable know-how and confidential information regarding the Concept and BoConcept's systems and methods of business (the "Confidential Information") and as the Confidential Information was imparted for the specific purpose of promoting and operating the Franchisee's BoConcept business, the Franchisee, and if the Franchisee is a legal entity its director(s) and owner(s) shall for a period of 12 months from the expiration or termination of the Agreement, regardless of the reason, not directly or indirectly operate, be employed with or have any interests in a business competing with the Concept or BoConcept.

19.3 Violation of clause 19.1 and/or clause 19.2 shall lead to payment of an agreed penalty of USD $150,000. per violation. If the violation includes maintaining a condition in violation of the non-competition clause, this shall be considered one violation for each period of 14 Calendar Days during which the violation takes place. Payment of the agreed penalty shall neither justify a continuation of the violation nor terminate or act as a waiver of the non-competition clause. Further, payment of the agreed penalty shall not prevent BoConcept from claiming damages for breach of this or any other clause of the Agreement to the extent possible under Danish law and/or applicable law of the Territory or act as a waiver by BoConcept of any other remedies at law and equity and under this Agreement including termination, clause 21. BoConcept may also obtain an injunction to restrain the violation of the clause.

20. Confidentiality

20.1 The Franchisee or if the Franchisee is a corporate or other legal entity, its director(s), officer(s) and all person(s) ultimately owning the Franchisee shall during the term of the Franchise Agreement and at all times after the expiration or termination of the Franchise Agreement regardless of the reason, keep strictly confidential all know-how and knowledge related to the Concept, BoConcept 's system, the customer files, and any other information received and learned according to this Franchise Agreement and the Franchisee's operation as a franchisee of BoConcept. For purposes of all subsections of clause 20, "indirectly" shall always include without limitation, through any other parties and/or entities utilized for the purpose of circumventing this provision.

20.2 The Franchisee shall, subject to applicable mandatory employment and labour law in the Territory, make sure that its employees sign a non-disclosure/utilization clause or agreement with the Franchisee, according to which the employee during his/her employment with the Franchisee and after the expiration or termination of such employment regardless of the reason shall keep confidential all know-how and knowledge related to the Concept, BoConcept's system, the customer files, and any other information received and learned during the employment by the employee about the Right of Operation under this Franchise Agreement and the Franchisee's operation as a franchisee of BoConcept.

20.3 In the event of any violation of clause 20.1 or 20.2 by the Franchisee or if the Franchisee is a corporate entity, by its director(s)'s and/or the person(s) ultimately owning directly or through a legal entity the Franchisee, the Franchisee shall pay an agreed penalty of USD $50,000. The agreed penalty shall be paid for each independent breach of the clause. If the violation includes maintaining a condition in violation of the confidentiality clause, this shall be considered one violation for each period of 14 Calendar Days during which the violation takes place. Payment of the agreed penalty shall neither justify a continuation of the violation nor terminate or act as a waiver of the confidentiality clause. Further, payment of the agreed penalty shall not prevent BoConcept from claiming damages for breach of this or any other clause of the Agreement to the extent possible under Danish law and/or applicable law of the Territory or act as a waiver by BoConcept of any other remedies at law and equity and under this Agreement including termination, clause 21. BoConcept may also obtain an injunction to restrain the violation of the clause.

20.4 The Franchisee hereby irrevocably grants BoConcept the right to provide any information regarding the Franchisee and the Franchisee's BoConcept business whatsoever to whom it may be considered necessary by BoConcept, including other franchisees. Providing such information shall not be contrary to BoConcept's obligations under this Franchise Agreement.

21. Term, expiration and termination

21.1 The term of the Franchise Agreement shall be five (5) years from the Effective Date of the last Brand Store to open as specified in Appendix 4-Development Plan in compliance with the Agreement and in accordance with any Amendment of the Franchise Agreement (the "Term"). The Franchise Agreement shall be non-terminable in the Term, unless the Franchise Agreement is terminated prematurely pursuant to clauses in this Agreement, e.g. clause 21.

21.2 Regardless of clause 21.1, BoConcept shall be able to terminate the Franchise Agreement at three (3) months' notice in the event of the Franchisee engaging in activities which in the sole opinion of BoConcept are likely to damage the reputation and goodwill associated with BoConcept and or the BoConcept brand or which are contradictory to a duty of good faith on the part of the Franchisee towards BoConcept also although such activities cannot be characterised as breach of the Agreement. Examples hereof are

- suspicion of the Franchisee's involvement in serious crime;
- unacceptable behaviour incompatible with the Concept, including violence, threats, etc.;
- expression and/or publication of discriminatory and/or racist statements;
- employing workers younger than the required minimum age;
- failure to provide workers with a workplace that meets applicable health and safety standards.

21.3 If the Franchisee, or if the Franchisee is a company the director and/or Owner, dies, is permanently incapacitated or unable to work and the Franchisee respectively the director and/or Owner therefore becomes unable to meet its obligations under the Agreement, BoConcept and the Franchisee respectively director and/or Owner shall together discuss the consequences hereof. If the Parties can agreed upon the terms, BoConcept shall assist and support the Franchisee respectively director and/or Owner in a transitional period, including by letting a manager exercise the Right of Operation on behalf of the Franchisee. If the incapacity lasts for a period longer than three (3) months, BoConcept shall be entitled, but not obliged, to take on the Right of Operation and manage any or all of the Brand Stores until BoConcept is able to dispose of it at the Franchisee's expense and risk. If a new Franchisee is not found within a year after BoConcept's takeover of the operation, BoConcept shall be entitled to take over the Right of Operation and any or all of the Brand Stores, including the inventory and the lease agreement regarding each Brand Store. If the Parties are unable to reach an agreement regarding the purchase price of the Brand Store, the market value of each Brand Store shall be determined by an independent auditor appointed by FSR – Danske Revisorer (*In English: Danish Auditors*) who must be a state-authorized public accountant. The market value of each Brand Store must be determined based on generally accepted valuation principles. The valuation must take due account of any loss of ability to pursue each Brand Store's activities in connection with the circumstances triggering the need for valuation. The valuation expert may require on demand that interim financial statements for each Brand Store are provided.

21.3.1 The costs of the valuation, cf. clause shall be divided equally between the Parties. The Parties shall provide, on the valuation expert's demand, adequate security for their share of the costs.

21.3.2 The valuation of the valuation expert, is final and binding upon the Parties and may thus not be submitted for arbitration or brought before the courts.

21.4 In case of one Party’s material breach, the other Party shall be entitled to terminate the Agreement without further notice if the breach has not been remedied within fourteen (14) Calendar Days after the Party in breach has received notice of the breach.

21.5 Material breach on the part of the Franchisee shall among other things include (list is not exhaustive):

21.5.1 Non-payment of monies owed by the Franchisee to BoConcept or the landlord of each Place of Business;

21.5.2 Failure to use the prescribed IT Application;

21.5.3 Violation of BoConcept A/S’ or BoConcept’s intellectual property rights;

21.5.4 Failure to timely and strictly comply with the Development Plan.

21.5.5 Actions likely to damage the goodwill and reputation associated with the BoConcept brand, BoConcept or Concept deviating behaviour, including marketing which does not comply with the instructions from BoConcept;

21.5.6 Actions inconsistent with a duty of good faith towards BoConcept or any other franchisees of BoConcept;

21.5.7 Participation in competing activities contrary to the Agreement;

21.5.8 Sale of products other than the Products contrary to the Agreement,

21.5.9 Failure to provide BoConcept with financial and marketing information and reports in a timely fashion pursuant to the this Franchise Agreement and/or reporting or issue of deliberately incorrect or misleading financial information to BoConcept;

21.5.10 Generation of repeated or serious complaints from customers regarding the quality of service offered by the Franchisee;

21.5.11 The Franchisee’s: suspension of payments, bankruptcy, compulsory winding-up or insolvency;

21.5.12 The Franchisee's persistent failure to comply with BoConcept's written instructions; and

21.5.13 Failure to timely and strictly comply with the Development Plan.

21.6 Material breach on the part of BoConcept shall among other things include:

21.6.1 BoConcept's failure to respect the Franchisee's exclusive right in the Territory specified in this Agreement as long as the Franchisee complies with the Development Plan prepared by the Parties;

21.6.2 Failure to provide support and advice as specified in this Agreement;

21.6.3 Failure to hand over know-how, marketing material, etc. in such a manner that it prevents the Franchisee from running each store as a Brand Store.

21.7 At any suspicion of breach or irregularities on the part of the Franchisee, BoConcept shall be entitled without previous warning to inspect and check the premises, the Franchisee's stocks, IT equipment, and any other material regarding the Franchisee's Right of Operation and the Franchisee shall permit access to enable such inspection.

21.8 In the event that the Franchisee in addition to this Agreement has entered into other franchise agreements with BoConcept, material breach of one (or more) of such agreements shall be deemed to constitute a material breach of all the franchise agreements to the effect that BoConcept A/S shall be entitled to exercise remedies for breach, including termination for cause, on the basis thereof in respect of each franchise agreement.

21.9 Termination of the Franchise Agreement shall only be effective if it is issued in writing.

22. Agreed penalty

22.1 In its sole discretion BoConcept may demand that the Franchisee pays an agreed penalty in the event of the Franchisee receiving written notice of two (2) breaches of any clause of the Franchise Agreement within any twenty-four (24 month period and the Franchisee failing to provide BoConcept, within seven (7) Calendar Days of receipt of BoConcept's notice to BoConcept's satisfaction, independent verification that Franchisee has not breached the Agreement.

If, however, the breaches can be remedied, the agreed penalty may only be demanded, if the remedial action has not been completed within a period of thirty (30) Calendar Days after Franchisee's receipt of notice from BoConcept.

22.2 The agreed penalty shall be USD $10,000. per breach. In case of an ongoing breach, every calendar month commenced in which the breach continues to occur shall be considered a new independent breach in relation to the calculation of the agreed penalty. Payment of the agreed penalty shall not affect or reduce BoConcept's right to claim damages pursuant to the general rules of Danish or US law at BoConcept's sole option, and payment of the agreed penalty shall not entitle the Franchisee to continue the wrongful conduct. A demand to pay an agreed penalty shall furthermore not prevent BoConcept from terminating the Agreement due to breach of contract pursuant to clause 21.

22.3 No failure or delay on the part of BoConcept in exercising any right or remedy provided under this Agreement or by law shall constitute a waiver of that (or any other) right or remedy, nor preclude or restrict its further exercise. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that (or any other) right or remedy.

23. Renewal

23.1 No later than six (6) months before the end of the Term, the Franchisee shall be entitled to request by delivery of written and signed request to BoConcept utilizing the form attached hereto as Appendix 14 or form required by BoConcept at that time, that this Agreement be renewed for one additional period of five (5) years from the expiration of the Term.

23.2 Provided that the Franchisee has not committed any material breach of this Agreement or any other agreement with BoConcept or its Affiliate during the Term and all Brand Stores opened by Franchisee have remained open for business, and the following conditions for renewal are all strictly complied with by Franchisee, BoConcept shall not unreasonably decline the Franchisee's request to have the Agreement renewed for one additional period of time pursuant to clause 23.1:

23.2.1 The Franchisee shall sign a new franchise agreement and development plan on the terms and conditions utilized by BoConcept at that time of renewal; however, no new entrance fee shall be paid for the Brand Stores already opened, only reimbursement of BoConcept's legal costs. The terms and conditions of such new franchise and development plan agreement utilized by BoConcept at that time may differ substantially from the terms and conditions of this Agreement. Moreover, it is emphasized that any Individual Terms agreed upon as part of this Agreement shall not apply to such new franchise and development plan agreement, unless otherwise agreed between the Parties.

23.2.2 A new development plan shall be agreed upon between the Parties and signed by both Parties no later than sixty (60) Calendar Days before the renewal date where an additional period pursuant to clause 23 starts. However, BoConcept may in its sole discretion determine the new development plan subject to due observance of relevant market conditions.

23.2.3 In the event that the Franchisee has not signed the new franchise agreement and all then current Appendices and required attachments, including without limitation, a new development plan, within thirty (30) Calendar Days from Franchisee's receipt by registered mail or overnight delivery service with proof of delivery, the Franchisee shall forfeit the right to renew the Agreement.

23.2.4 No later than 60 Calendar Days before the end of the fifth year of each Brand Store's opening date, a complete renovation of each Brand Store must be completed by Franchisee in accordance with BoConcept's instructions. Among other things, the Franchisee shall renovate, modernise, renew and replace the fixtures, signs, fittings and equipment to the extent necessary to bring each Brand Store up to the standards stipulated by BoConcept at the time.

23.3 The Agreement can only be renewed once pursuant to clause 23. However, the contract may be re-negotiated between the Parties after expiration of the renewal period, but BoConcept is not obligated to enter into a new contract or to renew the existing franchise contract. On-going negotiations regarding a possible continued relationship between the Parties, without a binding agreement signed by both parties, shall not create any rights or obligations for or on any of the Parties beyond the expiration of the Renewal Period.

24. Force Majeure

24.1 It shall not be considered a breach of this Franchise Agreement if failure to perform an obligation is solely attributable to an event which is beyond the reasonable control of the Party concerned, including fire, trade dispute, embargo, legislative measure, acts of war, civil commotion or similar events but only if the Party concerned could not have foreseen the event at the time of assumption of the obligation. As long as such an event effectively prevents the Party from performing the obligation concerned, the duty to do so shall be suspended until the obstacle no longer exists.

24.2 The provision of clause 24.1 shall at no time exempt the Franchisee from or suspend its obligations to timely and punctually pay any amount which the Franchisee owed to BoConcept at the time when the obstacle set in.

25. Legal effects of expiration or termination of the Agreement

25.1 On expiration or termination of the Agreement, regardless of the reason, all the Franchisee's rights, including but not limited to the Right of Operation, shall terminate and the Franchisee shall immediately:

25.1.1 Stop exercising the Right of Operation and terminate any use of the Concept, including any use of the name and logo "BoConcept" in any respect. The Franchisee shall thus not be entitled to use any operating furnishings, etc. after expiration or termination of the Agreement;

25.1.2 Clean and vacate the premises and make these available to BoConcept if the premises have been assigned to BoConcept or a third party appointed by BoConcept together with any other asset belonging to BoConcept in complete, functional and well-maintained condition;

25.1.3 Return the BoConcept Manual, both originals and copies, and any other material received from BoConcept without taking any copies,

25.1.4 Give BoConcept unimpeded access to stocks, operating materials, furnishings, telecommunication, the IT Application and all data which is or should have been stored thereon,

25.1.5 Make payment of any outstanding amounts to BoConcept and/or suppliers of the Products, including the landlords and timely complete delivery of all open orders and reimburse any and all costs incurred by BoConcept in completion of all open orders, including without limitation, invoicing and delivery;

25.1.6 The Franchisee shall to the extent allowed by local law and legislation required to provide BoConcept with information about the Franchisee's customers and prospective customers, including but not limited to name, address etc. free of charge;

25.1.7 Stop using any e-mail address made available by BoConcept for the duration of the Agreement.

25.2 Unless otherwise agreed in writing with BoConcept, the Franchisee shall be required to give notice to the Franchisee's employees and employment terminated no later than as at the date of expiration or termination.

25.3 The "BoConcept" name shall not be used in connection with any clearance sale.

25.4 All sums owed to BoConcept shall be paid or returned in strict compliance with the above clauses and without abatement set-off or deduction. The Franchisee shall have no right to withhold any goods or payment based on any allegation that BoConcept may be in breach of any clause of this Franchise Agreement or may owe any sums to the Franchisee.

25.5 From fourteen (14) Calendar Days before the expiration of the Agreement, BoConcept shall be entitled to inform the media and the Franchisee's associates, customers and prospective customers about the imminent expiration and in this connection BoConcept shall be able to give information about a possible new Franchisee who may in future exercise the Right of Operation.

26. Notices

26.1 Any notice required to be given under this Agreement must be in writing and as regards BoConcept addressed to:

BoConcept Franchise, Inc.
210 Mountain Avenue #48
Springfield, NJ 07081-2211

With copy to: BoConcept A/S
Fabriksvej 4
6870 Ølgod
Denmark
Attn.: Legal Department, mila@boconcept.com

and to the following as regards the Franchisee:

[INSERT NAME]
[INSERT ADDRESS]
[INSERT POSTAL CODE, TOWN]
[INSERT COUNTRY]
Attn.: [INSERT NAME], [INSERT E-MAIL ADDRESS]

unless the individual Party gives written notification of another addressee and/or address.

26.2 Any notice required to be given under this Agreement shall be in writing and regarded as having been duly given, effective and delivered to the other Party at the address in this Agreement or such other address as either Party may designate by written notice to the other Party as of: the date of hand delivery, with proof of delivery; or the following business day, if sent by prepaid overnight delivery service with proof of delivery; or when received, if sent by prepaid certified mail, return receipt; or if sent by email, on the date the email is sent, if sent before 5:00 pm EST, and if sent after 5:00 pm EST, the following business day; or on the day receipt is otherwise acknowledged in writing by a Party. Either Party is responsible for ensuring that the other Party at all times is provided with information of the correct addressee and the receiving Party bears the risk of non-receipt of a notification, if such notification has been sent to the designated addressee.

27. Governing law and settlement of disputes

27.1 Any dispute between BoConcept ~~A/S~~ and the Franchisee arising out of or in connection with this Agreement, including but not limited to any disputes regarding the existence, validity, expiry and/or termination of the Agreement, and disputes concerning the interpretation and the legal effects of the Agreement, shall as far as possible be settled by negotiation and mediation. If an amicable solution has not been found within three (3) months from the time when one Party has presented the dispute in writing to the other Party, the dispute shall be settled by arbitration administered by the Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by the Danish Institute of Arbitration and in force at the time when such proceedings are commenced.

The arbitral tribunal shall be composed of one (1) arbitrator appointed by the Danish Institute of Arbitration, if the subject matter, which shall mean the pecuniary claim or the value of the non-pecuniary claim specified in the statement of claim, amounts to less than USD $100,000. In all other cases the arbitral tribunal shall be composed of three (3) arbitrators and each Party is entitled to appoint one (1) arbitrator and the chairman is to be appointed by the Danish Institute of Arbitration. The place of arbitration shall be Copenhagen, the language to be used in the arbitral proceedings shall be English, and the arbitral tribunal's decisions and awards shall be confidential. The arbitral award shall be final and conclusive and binding on the Parties.

The arbitral tribunal will be solely and exclusively competent for all claims, irrespective of their nature (contractual, tort or based on written law) in relation to or arising out of this Franchise Agreement, especially in relation to or arising out of the circumstances of its negotiation, its conclusion, its execution or non-execution, its termination, and all subsequent disputes.

This arbitration clause does, however, not prevent BoConcept ~~A/S~~ from protecting its or its Affiliates intellectual property rights and/or its rights under this Agreement by seeking injunction orders or other interim measures available under the law of the Territory from the local courts.

27.2 This Franchise Agreement shall be interpreted in accordance with and be governed by the laws of Denmark.

28. Changes and/or adjustments and interpretation and conflicts

28.1 Changes to this Franchise Agreement shall only apply if the change is issued in writing and signed by both Parties and only if it is expressly stated that this is a change to the Franchise Agreement.

28.2 All the clauses of this Agreement are distinct and severable. If any provision of this Agreement (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, void, unenforceable or illegal, the other provisions shall remain in force.

28.3 This Agreement shall be binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest. Time is of the essence of this Agreement and all provisions shall be so interpreted. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement. The obligations and authorizations hereunder shall all be joint and several.

28.4 The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court. In the case of any questions of ambiguity relating to any provisions contained herein, there shall not be any construction against the drafter of the document. The preamble and recitals set forth above are hereby incorporated into and made a contractual part of the covenants of this Agreement. The Appendices and/or exhibits referred to in this Agreement are attached hereto, made a part hereof, and are incorporated herein by reference.

28.5 The headings and captions in this Agreement are inserted for convenience only and shall not constitute a part hereof or affect the construction or interpretation of any provision of this Agreement. Whenever required by context, the masculine pronouns shall include the feminine and neuter genders and the singular shall include the plural and vice versa. No waiver of or failure to enforce any of the provisions, terms, conditions, or obligations herein by any party shall be construed as a waiver of any subsequent breach of such provision, term, condition, or obligation of this Agreement or of any other provision, term, condition, or obligation hereunder, whether the same or different nature. Subsequent acceptance by BoConcept or any Affiliate of the payments due it hereunder shall not be deemed to be a waiver by BoConcept of a preceding breach by Franchisee. If there develops a custom or practice which is at variance with the terms of this Agreement, BoConcept shall not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time. Franchisee acknowledges that BoConcept has, and will in the future enter into license or franchise agreements with third parties pursuant to which such third parties are licensed to use the Marks and otherwise receive the benefits of the ~~concept~~Concept (the "Other Agreements"). Franchisee acknowledges that the provisions of the Other Agreements have or may vary substantially from those contained in this Agreement. No action taken by BoConcept with respect to any one or more of the Other Agreements or any party thereto shall create a course of conduct which may be relied upon or asserted by Franchisee under this Agreement as a modification to this Agreement or otherwise. In case of any discrepancy or conflict between any terms and provisions in this Franchise Agreement and any other agreement between the Parties, the terms and provisions in this Franchise Agreement and any amendments thereto, shall control and prevail at the interpretation of the agreement.

The rights of BoConcept and Franchisee hereunder are cumulative and no exercise or enforcement by BoConcept or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by BoConcept or Franchisee of any other right or remedy hereunder or which BoConcept or Franchisee are entitled by law to enforce. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. The Parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

28.6 By virtue of the community property laws of certain states, spouses of Franchisee's individual owners are deemed to have a property interest in this Agreement, Franchisee's ownership interest, and/or the Brand Store and accordingly BoConcept shall have the right to require Franchisee's spouse to consent and join in all of the terms and conditions of this Agreement, personal guaranty for amounts owed BoConcept and any related agreements and any amendments thereto.

29. Adjustments of amounts

29.1 The amounts mentioned in this Agreement, e.g. in clauses 8.4 and 22.2, shall be adjusted in accordance with the percentage development in the Danish net price index for January based on the Danish net price index for January [INSERT YEAR]. This adjustment shall be effected for the first time on [INSERT DATE] based on the development in the Danish net price index from January [INSERT YEAR] to January [INSERT YEAR]. The next adjustment shall then be effected as at [INSERT DATE], etc.

30. Individual terms

30.1 Individual terms to this Agreement, if any, are ~~listed~~ in Appendix 11.

31. Language of the Agreement

31.1 BoConcept and the Franchisee agree that this Agreement is written in English, which is the binding version. The Franchisee expressly acknowledges that ~~he is~~they are familiar enough with the English language and that ~~he~~they fully ~~understands~~understand any and all provisions of this Agreement.

32. Call Option Agreement

32.1 Simultaneously with the execution of this Agreement, the Owner(s) (including all natural person(s) and legal entities) of the Franchisee shall enter into a Call Option Agreement with BoConcept on the terms and conditions set out in Appendix 13.

33. Appendices

33.1 Appendix 1: Documentation of the foundation and existence of Franchisee
33.2 Appendix 2: Table of Contents of the BoConcept Manual
33.3 Appendix 3: Specification of Territory
33.4 Appendix 4: Development Plan

33.5 Appendix 5: 3-year budget
33.6 Appendix 6: NOT APPLICABLE TO US FRANCHISEES
33.7 Appendix 7: Requirements for the Franchisee's use of social media
33.8 Appendix 8: Supply Agreement
33.9 Appendix 9: Group structure chart of the Company
33.10 Appendix 10: Anti-corruption Policy and Guidelines
33.11 Appendix 11: Individual Terms-(if applicable)
33.12 Appendix 12: Market Specific Amendment
33.13 Appendix 13: Call Option Agreement
33.14 Appendix 14: Request for renewal of Term
33.15 Appendix 15: Request to Amend, Open/Add Initial or Additional Retail Brand Store

34. Copies

34.1 This Agreement shall be signed and the bottom of each page initialled in two original copies, of which each Party shall receive one original copy. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

BOCONCEPT FRANCHISE, INC.	FRANCHISEE (Entity)
	______________________________,
	[Print Name]
By: ______________________________,	**By:** ______________________________,
______________________________,	______________________________,
[Print Name/Title]	**[Print Name/Title]**
______________________________,	______________________________,
[Date Signed]	**[Date Signed]**

ALL INDIVIDUAL OWNERS: PERSONAL Guaranty; Security Agreement

The undersigned, representing they are all of the individual owners and spouses of Franchisee, hereby represent they have fully read and understand the Franchise Agreement and all Appendices, effective as of_______________________,[INSERT EFFECTIVE DATE], and hereby unconditionally undertakes and agrees as owner, to be individually, personally and jointly and severally liable and bound by all terms (including but not limited to paragraph 5) and all other obligations whatsoever under the Franchise Agreement and any current or future Amendments, including without limitation, Amendments adding additional Retail Brand Stores and any loan agreements or any other related agreements with BoConcept and any of its Affiliates, all such agreements collectively referred to as ("Agreements") as a guarantor on first demand, with primary liability for complete and timely compliance of the Agreements, including but not limited to the complete and timely payment of all monies payable under the Agreements(including but not limited to all amounts for any inventory, fixtures or any other items purchased from BoConcept and Affiliates and any services provided by BoConcept and Affiliates) and all accrued interest, contractual penalties and any other costs or fees to BoConcept and Affiliates, and shall immediately on first demand, pay to BoConcept or any person or entity to whom BoConcept chooses to transfer the rights and obligations under the Agreements, all monies so payable. Furthermore, any subsequent modifications or amendments to any such Agreements shall not extinguish the undersigned's obligations herein and the undersigned hereby waives any right to approve any later modifications or amendments to such Agreements. The undersigned shall also be personally liable and bound by the restrictions regarding participation in other commercial activities other than the operation of the BoConcept Brand Store and confidentiality and noncompetition, including payment of all agreed costs and damages. The undersigned also hereby agrees to the grant of a security interest in all items specified in paragraph 5 of the Franchise Agreement. This guaranty and security agreement shall be fully enforceable without signing any other separate documents and are incorporated into the Franchise Agreement. These obligations: are governed by U.S. law; and include all present and future advances, interest and costs under all Agreements; and are all joint and several against each person signing; and include all owners' spouses (and by not including and having a spouse sign, the undersigned represents they are currently unmarried).

[**ALL INDIVIDUAL OWNERS and SPOUSES sign below and insert all listed information]**

~~1) X____(Owner) X________________________________(Spouse)~~
1) (**OWNER**)**X**________________________________, Date__________, (**SPOUSE**)**X**________________________________, Date__________,
____

[**OWNER**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

____

[**SPOUSE**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

~~2) X____(Owner) X________________________________(Spouse)~~
2) (**OWNER**)**X**________________________________, Date__________, (**SPOUSE**)**X**________________________________, Date__________,
____

[**OWNER**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

____

[**SPOUSE**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

~~3) X____(Owner) X________________________________(Spouse)~~
3) (**OWNER**)**X**________________________________, Date__________, (**SPOUSE**)**X**________________________________, Date__________,
____

[**OWNER-**Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

____

[**SPOUSE**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

~~**4)** X___________________________________ (**Owner)** X_____________________________ **(Spouse**)~~
4) (**OWNER**)**X**____________________________, Date__________, (**SPOUSE**)**X**__________________________, Date_________,

____

[**OWNER**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

____

[**SPOUSE**-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

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APPENDIX 8 - SUPPLY AGREEMENT

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Table of contents

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SUPPLY AGREEMENT

With effect from the Effective Date of _____________[INSERT EFFECTIVE DATE].

BoConcept A/S
Fabriksvej 4
DK-6870 Ølgod
CVR no. 89 86 66 18
(hereinafter referred to as ”BoConcept A/S” and sometimes “BoConcept”)

and

[INSERT NAME]
[INSERT ADDRESS]
[INSERT POSTAL CODE, TOWN]
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]
(hereinafter referred to as the “Franchisee”)

(Jointly BoConcept and Franchisee, referred to as the “Parties” and individually as a “Party~~”)~~ ”). In consideration of the mutual promises and agreements hereinafter set forth, BoConcept and Franchisee have entered into this supply agreement (the “Supply Agreement~~”). ~~”) and hereby agree as follows:

1. Background

1.1 The Franchisee has entered into a franchise agreement (the “Franchise Agreement”) with BoConcept Franchise, Inc., dated effective as of the Effective Date, (“Franchisor” and also “BoConcept”) concerning the operation of a Retail Brand Store located at [INSERT ADDRESS] and the use of BoConcept’s concept (the “Concept”). Pursuant to Appendix 4 (the “Development Plan”), of the Franchise Agreement, Franchisee is required to open additional Retail Brand Stores within specified time-frames for of a total of ________ (   ) [INSERT TOTAL NUMBER OF STORES, PER DEVELOPMENT PLAN], Retail Brand Stores, each of which may be owned and operated by separate legal entities, however all shall have the same ownership structure with Franchisee (collectively all referred to as “affiliate” or “affiliates” or “affiliated companies”). For the opening of every additional Retail Brand Store, a separate amendment (“Amendment”) to the Franchise Agreement shall be entered into between the Franchisee and BoConcept pursuant to Appendix 15 to the Franchise Agreement, (Request To Open/Add Initial or Additional Retail Brand Store), identifying the location, effective date, adjusted Term, Minimum Turnover, Security, ratification of Franchise Agreement, Supply Agreement and Marketing Contribution and certain other terms for each additional Retail Brand Store, in compliance with the Development Agreement.

1.2 BoConcept A/S supplies to the Franchisee the Products marketed under the ”BoConcept” trademark under the Concept ~~comprehended by~~pursuant to the Franchise Agreement

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for all Product orders placed through Franchisee (and any of Franchisee's affiliates), operating BoConcept Retail Brand Stores.

1.3 Unless specified otherwise in writing by BoConcept: i) all Customer Orders, Inventory, parts, service invoices (monthly Axapta, Marketing fees, etc.), through all of Franchisee's Retail Brand Stores (affiliated companies), shall be made through Franchisee and all invoices from BoConcept for all Customer Orders shall be billed to Franchisee; and ii) Franchisee shall store all inventory shipped by BoConcept and pre-assemble and deliver and install all Customer Orders, unless picked up at a Warehouse or at a Retail Brand store by customers.

~~1.3~~1.4 The Parties have consequently entered into this Supply Agreement concerning delivery of the Products marketed under the Trademark. This Supply Agreement forms part of the Franchise Agreement. In the event of inconsistency or discrepancy between the Franchise Agreement and this Supply Agreement, ~~the Franchise Agreement shall take precedence.~~this Supply Agreement shall take precedence and this Supply Agreement is being executed after the execution of the Franchise Agreement and therefore this provision takes precedence over clauses 4.6 and 28.5 of the Franchise Agreement.

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2. Definitions

2.1 Terms and phrases in this Supply Agreement indicated by initial capital shall have the meaning set out in ~~clause 2 of~~ the Franchise Agreement, unless otherwise explicitly stated in this Supply Agreement. Furthermore, Franchisee's obligations under this Supply Agreement shall apply to all of Franchisee's ~~contemplated~~former, current and future operating ~~and former~~Retail Brand Stores.

2.2 **Defective Products** shall mean Products, which have been independently proven to have been manufactured with a defect, which causes damage to other goods or personal injury or death.

2.3 **Non-Conforming Products** shall mean Products, which are independently proven to not be of the quantity, quality and description required by the Parties' agreement.

3. Products

3.1 The Products ~~comprehended by~~pursuant to this Supply Agreement are the product range offered for sale by BoConcept at any time~~, including without limitation shop fixtures and supplies.~~ .

~~3.2 The Franchisee shall buy the Products directly from BoConcept A/S in line with this Supply Agreement.~~

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3.2 The Franchisee shall buy all of the Products directly from BoConcept A/S pursuant to this Supply Agreement, except for certain items, which Franchisee may purchase directly from third-parties (as pre-approved and designated in writing to Franchisee by BoConcept). Fixtures and Lighting and any other items purchased by Franchisee directly from such third-party suppliers, are the sole obligation of Franchisee including, without limitation all ocean and domestic freight charges, local delivery, and import/customs costs (if any), and all must be timely and completely paid by Franchisee within all third-party suppliers' payment terms or Franchisee shall be in material breach of this Agreement and the Franchise Agreement.

3.3 BoConcept A/S's liability for performance shall be solely limited to providing the parts and goods specified in the order confirmation, delivered to one address for all of Franchisee's Brand Stores, designated (and agreed by BoConcept), as Franchisee's regular delivery address, such as Franchisee's ~~retail store while Franchisee has only one open~~first Brand Store or ~~warehouse after Franchisee opens a second~~another location, (pre-approved in writing by BoConcept), such as one of Franchisee's additional Brand ~~Store.~~Stores or location utilized by Franchisee as a storage facility ("Warehouse").

4. Prices

4.1 The price list applicable at any time for the Products ~~comprised by~~pursuant to this Supply Agreement has been included in the BoConcept Manual.

4.2 BoConcept intends to adjust ~~product~~Product prices from time to time, pursuant to prior notice sent to Franchisee or any Franchisee, as designated in writing by Franchisee and approved in writing by BoConcept. However, BoConcept is at any time, with thirty (30) calendar days prior notice, entitled to make price adjustments and consequently amend the current price list and terms.

5. Terms of payment and Security

5.1 The Franchisee shall be invoiced in United States of America currency ("USD"), in connection with the Products being picked up by Franchisee or Franchisee's designated agent at the factory or distribution point, where the Products are made available to Franchisee or Franchisee's agent.

5.2 The total invoice amount shall be payable by Franchisee and received by BoConcept within 90 Calendar Days after the invoice date, cf. ~~clause 8.1.~~clause 7.1.

5.3 Notwithstanding clause 5.1-5.2 of this Supply Agreement, the Franchisee shall prepay the opening order in connection with the opening of each Brand Store, including e.g. costs

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of showroom furniture and accessories, display, shop fixtures,
business cards, bags, etc. in advance. BoConcept must be in receipt of the Franchisee's full payment of the opening order for each Brand Store no later than seven (7) calendar days prior to BoConcept A/S' release of ~~the~~any goods to Franchisee.

5.4 Default interest of one percent (1~~%)~~%), or maximum amount allowed by applicable law, per commenced month shall be charged and paid by Franchisee on ~~the~~any invoice amount after the due date, until paid in full.

5.5 The Franchisee shall pay all costs and fees related to any payment transfers.

5.6 In the event that the Franchisee does not pay any overdue invoices within seven (7) calendar days after the due date, cf. clause 5.2, BoConcept shall be entitled to do any or all of the following, without further notice to Franchisee: i) withhold all further shipments ~~and~~to Franchisee; ii) block or modify Franchisee's ordering and selling capabilities; iii) demand prepayment of any further shipments to the Franchisee; iv) declare Franchisee in material default of any or all agreements between the Parties (including any Franchisee affiliates), including without limitation, this Agreement and/or the Franchise Agreement.

~~**6. Marketing contribution, etc.**~~

~~6.1 In compliance with clause 11 of the Franchise Agreement, the Franchisee shall be obligated to pay BoConcept for participation in **national** marketing at any time, upon three (3) months' prior notice from BoConcept. Upon such notice from BoConcept, the Franchisee shall be under an obligation to pay to BoConcept a contribution to the national marketing pool of three percent (3 %) of Franchisee's gross turnover for each and every operating Brand Store, as further defined in clause 10.1 of the Franchise Agreement.~~

~~6.2 The contribution is to be paid at any time by Franchisee within 30 calendar days of receipt of BoConcept's invoice. In case the contribution to the national marketing pool is insufficient to cover the costs of the national marketing, BoConcept A/S is at any time, with three (3) months' prior notice, entitled to increase Franchisee's contribution.~~

~~6.3 In compliance with clause 11 of the Franchise Agreement the Franchisee shall pay for participation in the **local** marketing efforts within the Territory. As a result hereof the Franchisee shall be under an obligation to spend a minimum of eight percent (8%) of Franchisee's gross turnover for each and every operating Brand Store on local marketing, per BoConcept's recommended channels.~~

5.7 The Franchisee and all of its affiliates and individual owners and Guarantors signing this Agreement, hereby agree(s) and consent(s), by signing this Agreement to: personal

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jurisdiction and venue; and to hold themselves all primarily
and personally liable as joint and several guarantor/guarantors on first demand for the Franchisee's performance of this Agreement in every respect, including timely payment of all current and future amounts owed to BoConcept and any affiliates, including but not limited to debt arising out of deliveries under this Supply Agreement, contract penalties, accrued interest and any other costs or fees payable to BoConcept, regardless of whether such amounts are invoiced to another party for the benefit of Franchisee. Franchisee and all individual owners thereof, hereby also grant BoConcept a first (first position) Security Interest in any and all: leases and subleases of the franchised business; current and after acquired inventory, goods, receivables, intangibles, and any proceeds thereof (including without limitation insurance proceeds) owned by or in the Franchisee's possession or in Franchisee's agents' possession; all units of ownership in the Franchisee legal entity; and all personal assets of all individual Owners and spouses and guarantors, all as security for any and all current and future amounts owed to BoConcept and its affiliates. This personal guaranty and Security Agreement shall be fully enforceable without signing any other separate documents.

5.8 As further security for Franchisee's obligations under this Agreement the Franchisee shall pay to BoConcept, a deposit ("Security Deposit") in an amount equal to ten percent (10%) of the value of the estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service fees for the initial 12 months of operation, based upon the 3 year Budget, Appendix 5. Such Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days prior to opening the initial Retail Brand Store. BoConcept shall hold said Security Deposit to further secure Franchisee's obligations under this Agreement, including timely payment. Such Security deposit shall be adjusted once a year in January by BoConcept, so that it corresponds to an amount equal to ten percent (10%) of the value of the estimated yearly purchases by Franchisee of all Products, supplies and service fees for that calendar year for all of Franchisee's operating Brand Stores for the following calendar year, beginning effective as of January 1 of each year during the Term. If such yearly adjustment results in an increase in Franchisee's Security Deposit, the amount of such increase, shall be paid by Franchisee to BoConcept no later than 14 calendar days of Franchisee's receipt of notice of such increase from BoConcept. However, in no event shall the amount of the Security Deposit ever decrease.

After the opening of each additional Brand Store, BoConcept shall be entitled to require an initial Security Deposit for such additional Brand Store. The Security Deposit for each separate Brand Store shall be adjusted once a year by BoConcept in January so that it corresponds to an amount equal to ten percent (10%) of the value of the estimated yearly purchase by Franchisee of Products, supplies and service fees for that calendar year for all currently operating Brand Stores.

However, notwithstanding anything herein to the contrary, once Franchisee has more than one (1) operating Brand Store, BoConcept may, at its sole option, require the Security Deposit to be adjusted each year, to an amount equal to ten percent (10%) of the value of the

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estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service fees for the Franchisee's highest performing Brand Store (based on the previous 12 months of operations). In which case, the amount of any increase in Franchisee's Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days from Franchisee's receipt of notice of such increase from BoConcept.

5.9 Franchisee hereby agrees to obtain the written agreement from any landlord of Franchisee for any location (including the Retail Brand Store or any other location), used by Franchisee to display, store and deliver Products (including customer orders) from any or all of Franchisee's operating Retail Brand Stores (through affiliated companies), whereby such landlord agrees in writing to allow BoConcept: i) unconditional access to any such location where any BoConcept inventory is stored, at all times; and ii) to take possession of any or all such inventory anytime upon any material default by Franchisee of this Agreement or the Franchise Agreement; and iii) acknowledges BoConcept's first priority purchase money security interest in all such inventory and BoConcept's unconditional right to enter the premises where such inventory is stored and take possession of and remove any or all such inventory.

~~7.~~6. Retention of title and Default

~~7.1~~6.1 The Products shall at all times remain the sole property of BoConcept until ~~payment~~BoConcept has ~~been~~ received ~~by BoConcept in~~ full payment to the extent ~~that~~ such retention of title is valid according to applicable law.

6.2 If Franchisee is in material default of this Agreement or the Franchise Agreement, then Franchisee agrees that BoConcept shall have the unconditional right to enter any premises where any Products and/or inventory is stored and take possession of any or all such Products and/or inventory, without interference from any party whatsoever, in which case, Franchisee shall fully cooperate and fully indemnify and defend BoConcept's right to retake possession of any such inventory and/or Products. In addition to all amounts owed BoConcept, including without limitation, interest and late fees, Franchisee shall reimburse BoConcept for any and all costs incurred in retaking possession of such inventory and/or Products, including without limitation, all legal fees and costs, moving, transport, storage, insurance, and any other costs, incurred by BoConcept, including any costs associated with any third-party actions taken by or against BoConcept.

~~8.~~7. Delivery

~~8.1~~7.1 Delivery shall be Delivery Duty Paid ("DDP"), cf. Incoterms 2021.

~~8.2~~7.2 The Franchisee shall check the Products for defects upon delivery, cf. ~~clause 8.1.~~clause 7.1.

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~~8.3~~7.3 If the Franchisee fails to pick up the Products or arrange for transportation at the time of delivery, cf. ~~clauses 8.1 and 9~~clauses 7.1 and 8, BoConcept A/S is entitled to store and insure the Products and charge the Franchisee's account for all associated costs.

~~8.4~~7.4 The Franchisee's failure to take delivery despite BoConcept's written request to do so within fourteen (14) calendar days of BoConcept's notice, shall entitle BoConcept A/S to sell the Products under the best possible conditions and all costs and shortfalls shall be charged to the Franchisee's account.

~~9.~~8. Time of delivery

~~9.1~~8.1 All delivery dates and times of delivery specified or notified by BoConcept have been estimated to the best of BoConcept's judgment and shall not be binding upon BoConcept unless it has been explicitly agreed and specified in writing between the parties that a fixed time of delivery has been agreed for the delivery.

~~9.2~~8.2 If a fixed time of delivery has been explicitly agreed in writing, BoConcept is entitled to postpone or extend the time of delivery by fourteen (14) working/business days. BoConcept is entitled to extend or postpone the time of delivery several times, ~~cf.~~ also the provisions in the BoConcept Manual concerning Claim and compensation policy.

~~9.3~~8.3 The Franchisee is not entitled to claim any other remedies for breach relating to the delay other than as specified in the Claim and compensation policy clause of the BoConcept Manual applicable at any time and is thus prevented from claiming any damages from BoConcept. BoConcept shall thus in no circumstances be liable for any damages whatsoever including, without limitation, operating loss, all costs associated with labour, delivery and assembly, loss of time, loss of profit or any other direct or indirect loss or consequential damages whatsoever to Franchisee or any other party.

~~10.~~9. Non-Conforming Products

~~10.1~~9.1 Complaints regarding non-conformities in the Products shall be made to BoConcept A/S in writing in Danish, English, Spanish, French or German stating which of the Products are non-conforming and clearly describing the nature of the non-conformity.

~~10.2~~9.2 In addition, all complaints must meet the guidelines and directions specified in the BoConcept Manual, including claims deadlines etc., ~~cf.~~ especially the Claim and compensation policy specified in the BoConcept Manual, also see clause cf. ~~8~~7.1.

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~~10.3~~9.3 Complaints regarding Non-Conforming Products shall be made within 14 calendar days after the Franchisee has discovered or ought to have discovered the non-conformity, and not later than ~~24~~60 months from date of invoicing by BoConcept of the Products, as claims on account of the non-conformity can otherwise not be made. The factor deciding whether the deadline for complaints has been observed is the time of receipt of the complaint at BoConcept A/S's place of business (also see clause cf. ~~8~~7.1).

~~10.4~~9.4 A general reference is made to the provisions and guidelines etc. in the "Claims and compensation policy" section of the BoConcept Manual.

~~11.~~10. Returns

~~11.1~~10.1 Products shall only be returned according to written agreement with BoConcept.

~~11.2~~10.2 Returns shall be credited according to the Franchisee's purchase price. Returns shall be accompanied by a return note authorizing the return and referring to the agreement on return and be appropriately packaged and marked.

~~11.3~~10.3 Returns shall all be returned in all ~~orginal~~original BoConcept packaging at Franchisee's sole risk and as far as possible be returned by the delivering carrier.

~~12.~~11. Liability and exclusion of liability for Non-Conforming Products

~~12.1~~11.1 Provided that the agreed terms of payment are complied with, that the Products purchased are stored, used and maintained correctly, BoConcept will for a period of ~~two (2~~five (5) years counted from the date of invoicing by BoConcept, at BoConcept A/S's option make replacement supplies or repair such parts of the Products purchased as have verifiable non-conformities causing the Non-Conforming Products to be unmarketable. The non-conforming parts shall be returned to BoConcept if BoConcept should so wish.

~~12.2~~11.2 The Franchisee cannot rely on any other remedy based on a non-conformity than those specified in clause 11.1~~12.1~~. The Franchisee shall thus not be entitled to cancel the purchase order, claim a proportional reduction or compensation for any kind of loss or cost which may be caused by a non-conformity.

~~12.3~~11.3 The Franchisee is not entitled to claim any other remedies for breach relating to the delay than those specified in this clause 11~~12~~ and is thus prevented from claiming damages from BoConcept. BoConcept shall thus in no circumstances be liable for operating loss,

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loss of time, loss of profit or any other direct or indirect loss or consequential damages whatsoever.

~~12.4~~11.4 In the event that any third party makes a claim or takes any legal action against the Franchisee, the Franchisee shall be under an obligation to immediately inform BoConcept hereof. The Franchisee shall also accept to be a co-defendant in the same court as the one in which an action is brought against BoConcept by a third party.

~~12.5~~11.5 The Franchisee shall indemnify BoConcept (for any and all costs, including legal fees, damages and awards), in any respect to the extent that BoConcept is held liable to any third party for such damage and such loss for which BoConcept is not liable to the Franchisee under clause 11~~12~~ of this Supply Agreement.

~~13.~~12. Product Liability

~~13.1~~12.1 BoConcept shall ~~only~~not be liable for any personal injury or damage to property caused by a Defective Product delivered by BoConcept~~ if and to the extent that this follows from~~, unless specifically required by applicable mandatory law on product liability.

~~14.~~13. Termination

~~14.1~~13.1 This Supply Agreement shall expire at the same time as the Franchise Agreement irrespective of cause. This Supply Agreement may solely be terminated by simultaneous termination of the Franchise Agreement and with the notice periods specified therein or as provided in clause 13.2.

~~14.2~~13.2 In case of the Franchisee's material breach of this Supply Agreement, such breach ~~shall~~may also be deemed a material breach of the Franchise Agreement (at BoConcept's sole option), and BoConcept shall be entitled to exercise any and all remedies available to it under this Agreement and the Franchise Agreement, including without limitation (at BoConcept's sole option), the termination of either or both the Franchise Agreement concluded by the Parties with immediate effect, and ~~thus~~ also this Supply Agreement, cf. clause 13.1~~14.1.~~, with immediate effect.

~~14.3~~13.3 In case of BoConcept A/S's material breach of this Supply Agreement, the Franchisee shall not be entitled to terminate the Franchise Agreement, unless the Franchise Agreement specifically provides the Franchisee with the authority to do so.

~~15.~~14. Force majeure

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~~15.1~~14.1 A Party shall not be liable to pay damages for non-performance of its obligations if the Party can prove that this is due to conditions beyond the Party's reasonable control and that the Party neither at the time of conclusion of the Supply Agreement, at the time of placing of an order or subsequently could be expected to have considered such conditions or have avoided or overcome them or their consequences.

~~15.2~~14.2 Force majeure events shall include e.g. war, civil war, riots, public restrictions, import and export prohibitions as well as other public intervention, natural disasters, strikes and lock outs, malicious damage, theft, failing energy supply, breakdown of communication lines, confiscation of funds or other similar extraordinary events beyond the reasonable control of the Party but only if the Party concerned could not have foreseen the event at the time of assumption of the obligation.

~~15.3~~14.3 As long as such an event effectively prevents the Party from performing the obligation concerned, the duty to do so shall be suspended until the obstacle no longer exists.

~~15.4~~14.4 Notwithstanding anything to the contrary, the provision of clause ~~15~~14 shall at no time exempt the Franchisee from or suspend its obligations to timely and punctually ~~effect punctual payment of~~pay any ~~amount~~and all amounts which the Franchisee owed to BoConcept at the time when the obstacle set in.

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~~16.~~15. Arbitration

~~16.1~~15.1 Since this Supply Agreement is an integrated part of the Parties' Franchise Agreement, clause 27 of the Franchise Agreement regarding governing law and settlement of disputes shall be applicable to this Supply Agreement.

~~17. Schedules~~

16. Schedule

~~17.1~~16.1 Schedule 1: Example of price structure

~~For **BoConcept A/S**:~~ ~~For the **Franchisee**:~~
~~[INSERT ENTITY NAME]~~

~~By: ______________________________~~ ~~By: ______________________________~~

~~[INSERT NAME/TITLE]~~ ~~[INSERT NAME/TITLE]~~

For **BoConcept A/S**: For the **Franchisee:** [INSERT ENTITY NAME]

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By: ______________________________, By: ______________________________,

________________________________, ________________________________,

[INSERT NAME/TITLE] [INSERT NAME/TITLE]

FRANCHISE-All Individual Owners-Guarantors:

By: ______________________________

Print Name: ______________________________

By: ______________________________

Print Name: ______________________________

By: ______________________________

Print Name: ______________________________

By: ______________________________

Print Name: ______________________________

By: ______________________________

Print Name: ______________________________

[ADD ADDITIONAL SIGNATURE BLOCKS FOR ANY MORE INDIVIDUAL OWNERS]

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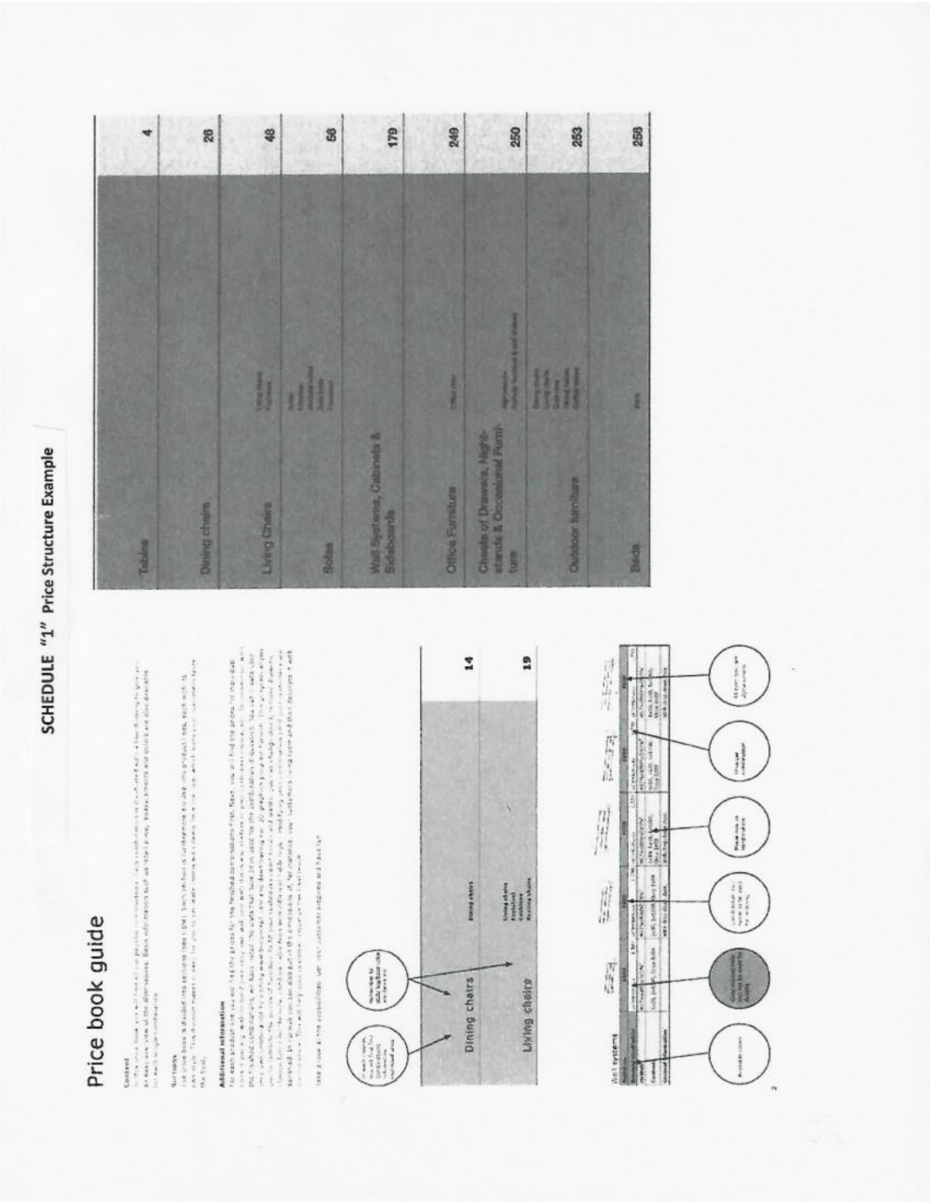

SCHEDULE "1" Price Structure Example

Price book guide

Content

Sections

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Outdoor furniture		253
Beds	Beds	256

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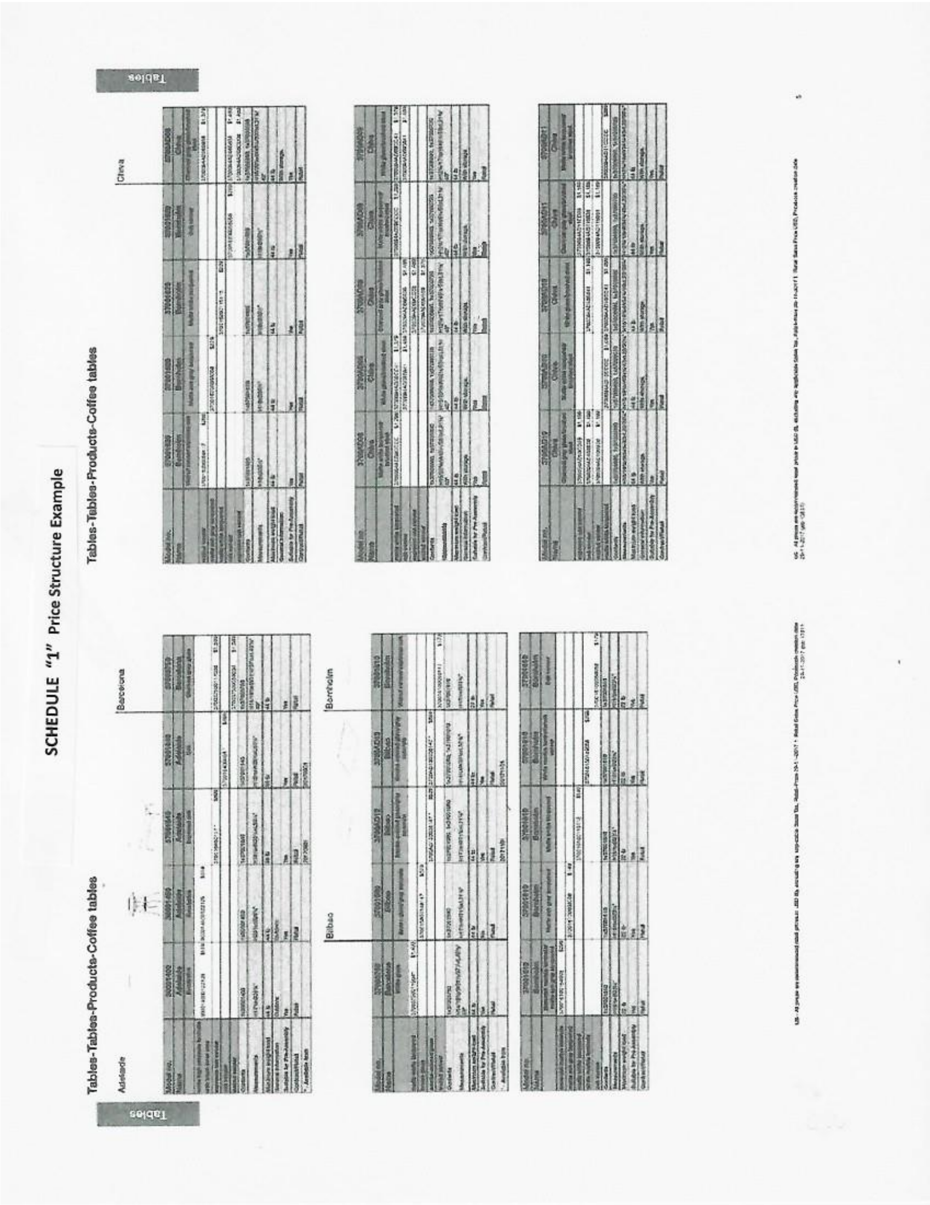

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