FRANCHISE DISCLOSURE DOCUMENT

®

Floral Franchising, Inc.,
a Delaware corporation
8658 W. Pico Boulevard
Los Angeles, California 90035
310-659-7700
franchise@frenchflorist.com
www.frenchfloristfranchise.com

As a franchisee, you will own and operate a premium and boutique-style French Florist Shop featuring a variety of flower arrangements, plants, accessories, preserved roses, designer vases, and other products and services that operates under the "French Florist" trademarks and service marks. The total investment necessary to begin operation of a French Florist Shop is $242,675 to $398,675. This includes $53,000 that must be paid to us or our affiliate. We and you may choose to sign a Development Rights Agreement under which you will develop 2-3 French Florist Shops. The total investment necessary to begin operation under a Development Rights Agreement for the development of 2-3 units is $282,675 to $473,675. This includes $93,000 to $128,000 that must be paid to us or our affiliate. If you convert an existing flower shop location, we and you will sign a Conversion Addendum under which you will convert your existing shop to a French Florist Shop. The total investment necessary to begin operation of an existing flower shop to a converted French Florist Shop is $200,675 to $379,675. This includes $53,000 that must be paid to us or our 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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats contact Michael Jacobson, our Chief Executive Officer, at 8658 W. Pico Boulevard, Los Angeles, California 90035, michael@frenchflorist.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. 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 of this Franchise Disclosure Document: April 20, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and development rights agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation in the city and state where the franchisor maintains its principal business (currently Los Angeles, California). Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in California than in your own state.

2. **Mandatory Minimum Payments**. You must make minimum royalty, 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.

3. **Sales Performance Required**. You must maintain minimum sales 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.

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise Section
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48933
(517) 335-7567

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Us and Our Related Companies

To simplify the language in this disclosure document, "**we,**" "**our,**" "**us,**" and "**franchisor**" means Floral Franchising, Inc., the franchisor. "**You**," "**your**," and "**franchisee**," means the person or entity that acquires the franchise. If you are a corporation, limited liability company or other entity, your owners must sign either the Guaranty or Key Personnel Agreement attached to the "**Franchise Agreement**" (Schedule B), which means that all or some of the provisions of the Franchise Agreement also will apply to your owners.

We are a corporation incorporated in Delaware on March 9, 2023. We do business under the name French Florist®. We first started offering franchises in April 2023. We have never operated French Florist Shops or offered franchises in any other line of business. We have no other business activities except those described here. Our principal business address is at 8658 W. Pico Boulevard, Los Angeles, California, 90035. If we have an agent for service of process in your state, we disclose that agent in Exhibit A.

We have no predecessors.

Effective December 15, 2023, our ownership was acquired by our new parent, French Florist Holdings Co. ("FFHC"), a Delaware corporation formed on December 15, 2023. FFHC shares our principal business address. FFHC has never offered franchises in this or any other line of business. On that same date FFHC acquired the assets of our affiliate, French Florist, LLC. French Florist, LLC has our same principal business address. French Florist, LLC, or its predecessor business, has operated French Florist Shops since 1978. French Florist, LLC has never offered franchises in any line of business.

Franchise Opportunity

We grant franchises for premium and boutique-style florist shops which offer a variety of high-quality flower arrangements, plants, accessories, preserved roses, designer vases, and other products and services which are primarily identified by the Marks (defined below) and use the Franchise System (defined below) (collectively, "**French Florist Shops**"). French Florist Shops operate under certain trademarks, service marks, and other commercial symbols, and we may periodically create, use and license or sublicense other trademarks, service marks and commercial symbols for use in operating French Florist Shops, such as FRENCH FLORIST, all of which we may periodically modify (collectively, the "**Marks**"). "**Franchise System**" means our business system, business formats, product preparation techniques and processes, methods, procedures, signs, designs, layouts, trade dress, standards, specifications and Marks, all of which we may improve, further develop and otherwise modify periodically.

In this disclosure document, we call your French Florist Shop that you will operate under the Franchise Agreement your "**Shop**." You must operate the Shop from a site we accept (the "**Site**"). You must operate the Shop according to the operating manual and/or other manuals (collectively, the "**Operations Manual**"). The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a French Florist Shop ("**System Standards**") and information on your other obligations under the Franchise Agreement. The Shop will offer a variety of flower arrangements, plants, accessories, preserved roses, designer vases, and other products and services. You must offer these items according to our System Standards. In addition, you must provide, and/or contract with one or more third parties whom we designate to provide, Event Service and Delivery Service from the Shop in accordance with the terms of the Franchise Agreement, including all applicable System Standards. "**Event Service**" means the preparation and delivery of floral and plant products and accessories to customers at locations other than the Site, where, in addition to delivering such products, you or a third party may provide ancillary services (such as setting up or arranging the floral and plant products and accessories) at such locations. "**Delivery Service**" means the delivery of floral and plant products and accessories to customers at locations other than the Site, where you or a third party deliver such floral and plant products and accessories but provide no ancillary services (such as setting up or arranging the floral and plant products and accessories) at such locations.

Multi-Unit Development Rights

Before signing or at the same time as signing a Franchise Agreement, we and you may sign a "**Development Rights Agreement**" (Schedule C) under which you and/or any company of which you own 100% of the ownership interests (a "**Controlled Affiliate**") will sign franchise agreements for and develop a specified number of French Florist Shops to be located within a specifically described geographic territory (the "**Development Area**"). We generally offer development rights for 2 to 3 French Florist Shops within the Development Area. Before you sign the Development Rights Agreement, we and you will agree to the Development Area, the number of French Florist Shops you must open in the Development Area, and the timeframe within which you must sign franchise agreements for and open each French Florist Shop (the "**Development Schedule**"). We will grant French Florist Shop franchises under the Development Rights Agreement only to you or your Controlled Affiliates, and franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You (or your Controlled Affiliates) will sign our then-current form of franchise agreement, which may differ from the Franchise Agreement included in this disclosure document, for each French Florist Shop developed under the Development Rights Agreement.

Conversion Franchise

We permit qualified individuals and/or entities that own and operate or acquired an existing retail flower business similar, if not identical, to those offered by French Florist Shops from a location approved by Franchisor to convert to a French Florist Shop (a "Conversion Franchise"). To qualify, the existing retail flower business must have been in operation for a period of not less than eighteen (18) continuous months and have generated a minimum of $250,000 in Net Sales during the latest twelve-month period. Franchisees for a Conversion Franchise will sign the Franchise Agreement (Exhibit B) and Conversion Addendum (Exhibit I). The Conversion Addendum will amend the Franchise Agreement to accommodate certain other matters that relate solely to Conversion Franchises. All other terms of the Franchise Agreement will apply to the Conversion Franchise, unless otherwise specified in the Conversion Addendum.

Market and Competition

We operate in a well-developed and competitive market. The Shop will offer floral arrangements and other premium flower and plant products and accessories to the general public. Sales are generally not seasonal. Your competitors include local, regional and national florist shops, particularly those that sell flowers and related products for gifts and special occasions, and other businesses specializing in or offering flowers, plants, and related products and accessories. Florist shop concepts compete based on many factors, such as price, service, product quality, location, promotions and marketing programs.

Industry Regulations

You must comply with federal, state, and local laws that apply to the operation of a floral service business, including using, storing and disposing of waste, insecticides, and other hazardous materials as prescribed; storing, transporting, and delivering floral products; safety standards for floral coolers and equipment; employment laws; data privacy laws and PCI standards; and telemarketing laws and laws related to automated text messages, email communications, and telephone calls. You must also comply with other laws and regulations that apply to businesses generally, such as those relating to site location and building construction like the Americans with Disabilities Act. You should consider these and other laws and regulations when evaluating your purchase of a franchise.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer: Michael Jacobson

Michael Jacobson has been our Chief Executive Officer in Los Angeles, California since our formation in March 2023. Michael has been Chief Executive Officer of French Florist Holdings Co. in Los Angeles, California since December 15, 2023. Michael has also been Chief Executive Officer of French Florist, LLC in Los Angeles, California since December 2018.

Head of Product: Aaron Holt

Aaron Holt has been our Head of Product in Los Angeles, California since August 2025. Aaron served as our Chief Operations Officer in Los Angeles, California from January 2024 to August 2025. Aaron Holt was the Chief Operations Officer of French Florist Holdings Co. in Los Angeles, California from January 2024 to August 2025. Aaron was Chief Operations Officer of French Florist, LLC in Los Angeles, California from November 2022 to December 2023. From January 2013 to October 2022, Aaron was the Production Director at Empty Vase in Los Angeles, California.

Chief Sales Officer: Glenn Anderson

Glenn Anderson has been our Chief Sales Officer (previously called Director of Franchise Growth) in Los Angeles, California since January 2024. From August 2001 to the present, Glenn has served as President for G&A Marketing dba Cohesion, and previously Viamark Boston, in Plymouth, Massachusetts. From August 2001 to April 2023, Glenn was Co-Founder and Vice-President at TRW Marketing Solutions, located in New Bern, North Carolina.

Chief Operations Officer: Katie Tucker

Katie Tucker has been our Chief Operations Officer in St. Louis, Missouri since June 2025. Katie served as our Chief of Staff in St. Louis, Missouri from June 2024 to June 2025. Katie served as the Founder and Principal Business Leadership Consultant at Chaos to Control, LLC in St. Louis, Missouri, from November 2022 to December 2025. From September 2023 to February 2024, Katie was Vice-President of Supply Chain for Latch in St. Louis, Missouri. From 2019 to November 2022, Katie was the Vice-President of Operations at Burn Boot Camp in St. Louis, Missouri.

Chief Marketing Officer: Ben Cohen-Leadholm

Ben Cohen-Leadholm has been our Chief Marketing Officer in Los Angeles, California since February 2026. From October 2020 to January 2026, Ben served as Chief Marketing Officer for The Good Feet Store in San Diego, California.

Head of Compliance: Dayana Crossa Staples

Dayana Crossa Staples has been our Head of Compliance in Charlotte, North Carolina since January 2026. From November 2024 to December 2025, Dayana served as Senior Director of Franchise Development for Kline Franchising, Inc. in Charlotte, North Carolina. From August 2023 to November 2024, Dayana served as Senior Director of Franchise Operations for Kline Franchising, Inc. in Charlotte, North Carolina. From February 2018 to August 2023, Dayana served as Director of Compliance for Kline Franchising, Inc. in Charlotte, North Carolina.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

Franchise Agreement

When you sign the Franchise Agreement, you must pay us a lump sum "Initial Franchise Fee" of $45,000. We offer a discount for existing franchisees that are in good standing; accordingly, the current discounted Initial Franchise Fee for each subsequent French Florist Shop is $40,000 for a second unit, and $35,000 for each subsequent unit after that.

We offer a veteran initiative program. Under this program, if you or one of your owners with at least a 50% interest in the franchise is a veteran honorably discharged from the U.S. Armed Forces or on active duty in the U.S. Armed Forces at the time the Franchise Agreement is executed, we will reduce the initial franchise fee by 10% for their first French Florist Shop franchise.

Before you open the Shop for business, we will provide (i) an initial brand standards training program (the "Initial Training Program") for your Managing Owner (defined in Item 15) and your General Manager, and (ii) a separate designer training program (the "Designer Training Program") for your Lead Designer. If the Managing Owner has attended and completed the Initial Training Program to our satisfaction under an existing franchise agreement with us within the previous two (2) years, we typically will not require the Managing Owner to attend the Initial Training Program. At your option, additional personnel may attend training, subject to space availability and applicable fees. Except as otherwise described below, we provide the Initial Training Program for up to two individuals and the Designer Training Program for one individual at no charge. Additional members of the Shop staff may participate, but we may charge a fee for each additional participant. We currently charge $500 per day for each additional staff member. If we determine that you or any of your personnel cannot complete the Initial Training Program to our satisfaction, then we may require you or your personnel to attend additional training programs at your expense for which we may charge fees (currently $500 per day per trainee). Training fees are not refundable under any circumstances.

Development Rights Agreement

If you enter into a Development Rights Agreement with us and pay a "Development Fee", you may purchase the rights to open multiple French Florist Shops. The Development Fee is a pre-payment of the initial franchise fees for the number of Shops you commit to develop. Your Development Fee will depend on the number of French Florist Shops we grant you the right to open and develop, and is calculated as follows:

Number of Shops	Fee for Shop Number	Development Fee (Cumulative)
1	$45,000	$45,000
2	$40,000	$85,000

<u>Number of Shops</u>	<u>Fee for Shop Number</u>	<u>Development Fee (Cumulative)</u>
3	$35,000	$120,000

The additional per-unit Development Fee is $35,000 for each additional French Florist Shop beyond 3 units. We intend to offer 4 or more units only in limited circumstances.

If you sign a Development Rights Agreement, you must pay us the entire Development Fee for all French Florist Shops you commit to develop. You must pay us the entire Development Fee in a lump sum when you sign the Development Rights Agreement. We will not refund the Initial Franchise Fee or Development Fees under any circumstances.

Initial Inventory Package

You will be required to purchase from us an initial inventory package costing approximately $8,000 for each Shop you agree to open (additional inventory may be required). The initial inventory package consists of vases, ribbons, chocolates, candles, and bears used as add-ons to our arrangements, message cards, envelopes, aprons, and delivery boxes. This amount is earned by us upon receipt and is non-refundable.

Except as described above, the initial fees are uniform, deemed fully earned when received, and not refundable under any circumstances.

<u>Item 6</u>

OTHER FEES

Column 1 **Type of Fee(1)**	**Column 2** **Amount**	**Column 3** **Due Date**	**Column 4** **Remarks**
Royalty	6% of Net Sales.(2)	On the day of each week, currently Friday, or such other day we periodically specify (“**Payment Day**”).	See Note (1).
Brand Fund(3) Contribution	Currently, 2% of Net Sales(2) (we may increase this amount up to 3% of Net Sales).	Same as Royalty. On the Payment Day, currently Friday.	See Note (3).

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Local Marketing Requirement and Marketing Services	Then-current amount, currently the greater of $5,000 per month or 12% of monthly Net Sales. This includes a $500 set up fee and $1,000 to $2,500 per month that our designated marketing services vendor currently charges.	As incurred.	Paid to approved vendors. As part of your Local Marketing Requirement, you must use our designated vendor for certain marketing services. See Note (4). The set up fee and monthly vendor charges may increase up to 25% per year.
Local Marketing Requirement Shortfall	Difference between Local Marketing Requirement and amount you spent.	As incurred.	See Note (4).
Advertising Cooperative Contributions	If established, the amount the cooperative periodically establishes.	As the cooperative determines.	Paid to the cooperative. Each shop that we or our affiliate operates in the cooperative region, if any, will receive one vote. There is no minimum fee. The maximum fee is up to 8% of Net Sales. This amount counts toward and does not exceed the Local Marketing Requirement. See Notes (4) and (5).
Bookkeeping Services	Then-current fee, currently $425 per month.	Currently on the 10th day of each month.	You must use our designated bookkeeper or vendor for bookkeeping services. This fee is currently paid directly to the bookkeeper or vendor. This fee may increase by up to 25% per year, based on an increase in vendor fees and costs.
Technology and Software License Fee	$1,225 per month. This fee is calculated on a monthly basis and paid in weekly installments by dividing the monthly fee by the number of days in the applicable month and multiplying by seven (7) days (pro rated for partial week) to determine the weekly payment amount. We may increase the fee by up to 10% annually.	On the Payment Day, currently Friday.	Payable to us for various technology products or services that we (or our affiliates) provide or arrange for third parties to provide, including creating email addresses for you and your staff and providing database and cloud resources to you. See Note (6)

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Inventory Purchases	You purchase certain inventory from us according to our price list, including merchant fees. We recommend that you maintain a minimum 30-day supply.	Payable upon order.	Inventory that you purchase from us includes ribbons, chocolates, candles, and bears used as add-ons to our arrangements, message cards, envelopes, aprons, and delivery boxes. We may assess a merchant fee charge on orders paid by credit card or other processing for which we are charged a merchant fee.
Design and Rendering Fees	$1,000 to $5,000	As incurred.	Payable to us or our affiliate if we or our affiliate provides design and rendering services for your location, instead of an approved or designated vendor.
Non-compliance Fee	Up to $1,000 per violation for your first violation and up to $2,500 per violation for any other subsequent violations.	As incurred.	We may assess this fee for violations of the Franchise Agreement and the Operations Manual. We reserve all other rights and remedies.
Conference Fee	Up to $1,500 per person, per conference (currently, we only require 1 ticket purchase).	As incurred.	In addition to the conference fee, you are responsible for all costs and expenses incurred by you and your staff in attending a conference. If you fail to attend a required conference, you must still pay us the full conference fee to assist in covering the costs we incur to set up and host the conference.
Additional Training Fees	Currently $0 to $1,000 per year, but could increase if our costs increase.[8]	As incurred.	Payable only if we require additional training courses.
Vendor Review Fees	Our reasonable cost to evaluate any proposed vendor, supplier, or distributor.	As incurred.	Payable only if you ask us to review a new vendor.
Product Review Fees	Our reasonable cost to evaluate and test any proposed product.	As incurred.	Payable only if you ask us to review a new product.

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee – non-control transfer	$2,500.	Before transfer is completed.	Payable on proposed non-control transfer.
Transfer Fee – control transfer	Then-current fee, currently, $12,500 if the transferee or its affiliates (if the transfer is of the Franchise Agreement) or your new owners (if the transfer is of an ownership interest in you) is not an existing French Florist franchisee $10,000 if the transferee or its affiliate (if the transfer is of the Franchise Agreement) or your new owners (if the transfer is of an ownership interest in you) is an existing French Florist franchisee.	Before transfer is completed.	Payable on proposed control transfer, in addition to any transfer fee under Development Rights Agreement and other Franchise Agreements. You must pay any and all related sales commissions, broker fees, and referral fees, such as if the transferee was already in our lead database at the time of first contact between you and the transferee, we may require you to pay a referral fee. All control transfers are subject to our right of first refusal. This fee may increase by up to 25% per year.
Successor Franchise Fee	Then current fee, currently $10,000.	Upon signing successor franchise agreement.	This fee may increase by up to 25% per year.
Holdover Fee	$750 per week.	As incurred.	Due only if you continue to operate, without renewing, after the expiration of the Franchise Agreement.
Management Fee	Greater of: (a) 10% of Net Sales[(2)] or (b) $1,000 per week, plus direct costs and expenses.	As incurred.	Due only if we manage the Shop while we consider whether to exercise the purchase option.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Payable under Franchise Agreement and Development Rights Agreement by the non-prevailing party if we or you initiate legal proceedings.
Indemnification	Will vary under circumstances.	As incurred.	You must indemnify and reimburse us and our affiliates under Franchise Agreement and

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			Development Rights Agreement if we or they incur costs for claims arising from the Shop's development or operation, your business, your breach of the agreement or your noncompliance with any law.
Relocation	Then current fee, currently $18,000.	As incurred.	Payable upon our approval of the relocation and covers costs we incur in connection with the proposed relocation.
Interest	1.5% per month or highest interest rate the law allows, whichever is less.	As incurred.	Due on all overdue amounts and dishonored payments.
Insurance Gap Costs	Premiums plus our costs and expenses.	As incurred.	Due only if you fail to maintain (or prove you have) insurance and we, at our option, obtain insurance for you.
Audit Expenses	Cost of audit plus late fees and interest.	As incurred.	Due only if you fail to timely furnish reports or understate Royalty or Brand Fund contributions by 2% or more.
Inspections	Currently $1,000 plus travel expenses, but could increase if costs increase.[8]	As incurred.	If you fail to satisfy our System Standards in any quality assurance inspection or evaluation, we may charge a reasonable fee for any additional inspections or evaluations. This fee may increase by up to 25% per year, based on increased costs to us.
Mystery Shopper Program	Actual costs and expenses of engaging mystery shopper, plus a reasonable fee, as defined in the Operations Manual, if we engage the mystery shoppers on your behalf (currently $250 per occurrence).	As incurred.	We have the right to establish a mystery shopper-type program and to set reasonable fees associated with such program.

Column 1 Type of Fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Customer Services	Currently, none, but we may charge you reasonable fees for certain customer services that we provide for the Shop.	As incurred.	See Note (7).
Insufficient Funds/Late Fee	Greater of $100 or 5% of the amount you owe us.	As incurred.	If you write us a check that is returned, cancelled or dishonored, or if we debit your bank account and your account has insufficient funds or is otherwise inaccessible, you must pay us an insufficient funds fee. If you fail to make any payment when it is due, you must pay us a late fee each week that the payment remains past due. You must also reimburse us for any damages, expenses, collection costs, and reasonable attorneys' fees we incur as a result of your failure to make timely payments to us.
Brand Damages	An amount equal to the product of: (1) the average Royalty Fees, Technology and Software License Fees, and Brand Fund contributions accrued during the twelve (12) month period before the month of termination, or during the period the Shop was open if less than twelve (12) months, multiplied by: (2) twenty-four (24) or the number of months remaining in the Franchise Agreement term, whichever is greater.	As incurred.	If we terminate this Agreement as a result of your default, or if this Agreement is otherwise terminated prior to its expiration for any reason other than by mutual written agreement of the parties, you must pay to us the Brand Damages.
Deadline Extension Fee	$2,500.	Before the deadline for selecting a site, signing a franchise agreement or opening a shop.	If we deny the 30-day extension, we will refund this fee.

Explanatory Notes

(1) Except as described for the deadline extension fee under the Development Rights Agreement, all fees in this Item 6 are non-refundable. Unless otherwise stated, these fees are imposed and collected by, and payable to, us.

You must sign and deliver to us the documents we periodically require to authorize us to debit your bank account automatically for the Royalty, Brand Fund contribution, and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. Under our current automatic debit program for the Shop, we will debit your account on or after the Payment Day for the Royalty, Brand Fund contributions, and Technology and Software License Fee. You must make the funds available for withdrawal by electronic transfer before each due date. If you fail to report the Shop's Net Sales, we may debit your account for 120% of the last Royalty and Brand Fund contribution that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the Shop's actual Net Sales), we will debit your account for the balance, plus interest, on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us (once we have determined the Shop's actual Net Sales), we will credit the excess (without interest) against the amounts we otherwise would debit from your account during the following week(s). We may periodically change the mechanism for your payments of Royalties, Brand Fund contributions, Technology and Software License Fee, and other amounts you owe to us and our affiliates under the Franchise Agreement or any related agreement upon written notice to you.

In addition to any sales, use and other transaction taxes that applicable law requires or permits us to collect from you for providing goods or services under the Franchise Agreement, you must pay us all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on us or that we are required to withhold relating to the receipt or accrual of Royalties or any other amounts you pay us under the Franchise Agreement, excluding only taxes imposed on us for the privilege of conducting business and calculated based on our net income, capital, net worth, gross receipts, or some other basis or combination of those factors, but not excluding any gross receipts taxes imposed on us or our affiliates for your payments intended to reimburse us or our affiliates for expenditures incurred for your benefit and on your behalf. You must make these additional required payments in an amount necessary to provide us with after-tax receipts (taking into account any additional required payments) equal to the same amounts that we would have received if the additional tax liability or withholding had not been imposed or required.

(2) "**Net Sales**" means all revenue that you receive or otherwise derive from operating the Shop, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including (i) any implied or imputed Net Sales from any business interruption insurance; and (ii) all revenue from selling products intended for off-premises use and from providing Event Service and Delivery Service. However, "Net Sales" excludes (a) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (b) any bona fide refunds and credits that are actually provided to customers; and (c) the face value of coupons or discounts that customers redeem. Each charge or sale upon credit constitutes a sale for the full price on the day during which the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale.

Gift certificate, gift card, stored value card or similar program payments count as Net Sales when the gift certificate, other instrument or applicable credit is redeemed.

(3) We administer and control the Brand Fund. We currently collect Brand Fund contributions equal to 2% of Net Sales. We may increase this fee upon 30 days' notice to you. However, your total contribution will not exceed 3% of Net Sales in any calendar year. The "**Brand Fund**" is a marketing and brand fund for the ongoing technology, advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of French Florist Shops that we periodically deem appropriate.

(4) We currently designate a marketing agency vendor for marketing services that include paid media channel management. This vendor currently charges a $500 one-time setup fee and a monthly retainer fee which is based on your revenue that is directly derived from digital advertising through this vendor ("Digital Ad Return"). For clarity, your revenue not directly attributed to a return on the digital advertising through the designated vendor, including efforts and activities such as walk-in business, email marketing, and other organic channels and advertising and marketing efforts, is not included in the Digital Ad Return calculation. The vendor's monthly retainer fee depends on the amount of your Digital Ad Return in a given month, as follows:

Monthly Retainer Fee	Monthly Digital Ad Return
$1,000	up to $30,000
$1,250	from $30,001 up to $50,000
$1,500	from $50,001 up to $75,000
$2,500	$75,001 and above

The "**Local Marketing Requirement**" is the minimum amount that we can require you to spend on Cooperative (defined below) contributions and approved Local Marketing for the Shop during each calendar month, and is an amount we periodically specify. Currently you must spend at least the greater of $5,000 or 12% of Net Sales during that calendar month. This amount is in addition to any Brand Fund contributions you are required to make. If you do not meet the Local Marketing Requirement, we may require you to pay the shortfall as described in the table above. "**Local Marketing**" means the approved advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Shop. We will not count towards your Local Marketing Requirement the cost of free or discounted products or services, coupons, special offers or price reductions that you provide as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that we, in our reasonable judgment, deem inappropriate for meeting the Local Marketing Requirement. We may periodically review your books and records and require you to submit reports periodically to determine your Cooperative contributions and Local Marketing expenses. If you fail to spend (or prove that you spent) the Local Marketing Requirement in any month, then in addition to our other rights, we may require you to pay us the shortfall as an additional Brand Fund contribution or for us to spend on Local Marketing for the Shop.

(5) We may designate a geographic area in which 2 or more French Florist Shops are located as an area for an advertising or marketing cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all of the French Florist Shops located and operating in that area (including us and our affiliates, if applicable) that we can require to participate in the Cooperative. If we have established a Cooperative for the geographic area in which the Shop is located when you sign the Franchise Agreement, or if we establish a Cooperative in that area during the Franchise Agreement's term, you must sign the documents that we require to become a member of the Cooperative and participate in the Cooperative as those documents require. You must contribute to the Cooperative the amounts that the Cooperative determines, subject to our approval. Amounts contributed to the Cooperative will count towards the Local Marketing Requirement. All material decisions of the Cooperative, including contribution levels (which also require our approval), will require the affirmative vote of more than 50% of all French Florist Shops participating in the Cooperative (including, if applicable, those that we or our affiliate operate), with each French Florist Shop receiving one vote.

(6) The software license fee covers costs related to the ongoing maintenance and enhancement of our affiliate's proprietary software. Our affiliate's proprietary software includes a point of sale system, online order capabilities, and back-office management systems.

(7) We may provide certain guest services for the Shop, which may include the Ordering Systems, a back-of-house call center, and remote payment processing (as we may periodically modify them, collectively, the "**Guest Services**") for which we may charge you reasonable fees. "**Ordering Systems**" means any customer ordering processes that we periodically specify in which all or certain French Florist Shops participate, including a proprietary web-based system and online order platform (the "**French Florist Web Platform**"), call-center and app-based ordering processes, and any other program or system that we may periodically specify. We may periodically modify any Guest Services, the French Florist Web Platform and any Ordering Systems, including the services provided, and may periodically stop providing any or all Guest Services, French Florist Web Platform access or services, and Ordering Systems upon notice to you.

(8) Some fees and payments might vary depending on our (or our affiliate's) costs to provide the applicable products or services or any additional products or services that we (or our affiliate) provide. If those costs increase or we (or our affiliate) offer additional products or services, we will provide you with written notice.

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Item 7

ESTIMATED INITIAL INVESTMENT

Table 1: Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 **Type of Expenditure (1)**	**Column 2** **Amount**		**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
	Low	High			
Initial Franchise Fee **(2)**	$45,000	$45,000	Lump sum	Upon signing Franchise Agreement/Conversion Addendum	Us
Leasehold Improvements **(3)**	$70,000	$107,500	Lump sum or progress payments	As needed	Contractors and vendors
Design and Architect Fees **(3)**	$5,000	$10,000	As incurred	Before opening	Vendors
Furniture and Fixtures **(4)**	$10,000	$18,000	As incurred	Before opening	Contractors and vendors
Walk-in Cooler **(4)**	$36,000	$46,000	As incurred	Before opening	Contractors and vendors
Computers/Hardware **(4)**	$3,000	$5,000	As incurred	Before opening	Contractors and vendors
Technology and Software License Fee **(4)** - 3 Months	$3,675	$3,675	As incurred	Monthly	Us
Delivery Vehicle **(5)**	$6,000	$12,000	As incurred	Before opening	Vendors
Exterior Signage**(6)**	$12,000	$20,000	As incurred	As vendors require	Contractors and vendors
3 Months' Rent **(7)**	$9,000	$20,000	As incurred	As landlord requires	Lessor
Lease and Utility Security Deposit **(7)**	$4,000	$9,000	As incurred	As landlord requires	Lessor
Initial Inventory **(8)**	$8,000	$17,000	As incurred	As incurred	Us and vendors
Opening Marketing **(9)**	$15,000	$20,000	As incurred	Before opening	Vendors

Column 1 Type of Expenditure (1)	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Training Expenses **(10)**	$5,000	$6,000	As incurred	Before opening	Transportation lines, hotels, restaurants
Business License and Permits **(11)**	$3,000	$7,500	As incurred	As incurred	Government authorities and other third parties
Professional Fees **(11)**	$1,000	$3,000	As incurred	As incurred	Attorneys, accountants, and other professional advisors
Insurance **(11)**	$2,000	$4,000	As incurred	As incurred	Insurance carriers and brokers
Additional Funds – 3 Months **(12)**	$5,000	$45,000	As incurred	As incurred	Us and third parties
TOTAL ESTIMATED INITIAL INVESTMENT (13)	$242,675	$398,675			

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Table 2: Conversion Addendum

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 **Type of Expenditure (1)**	**Column 2** **Amount**		**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
	Low	High			
Initial Franchise Fee **(2)**	$45,000	$45,000	Lump sum	Upon signing Franchise Agreement/Conversion Addendum	Us
Leasehold Improvements **(3)**	$70,000	$107,500	Lump sum or progress payments	As needed	Contractors and vendors
Design and Architect Fees **(3)**	$5,000	$10,000	As incurred	Before opening	Third-party vendor
Furniture and Fixtures **(4)**	$10,000	$18,000	As incurred	Before opening	Contractors and vendors
Walk-in Cooler **(4)**	$0	$46,000	As incurred	Before opening	Contractors and vendors
Computers/Hardware **(4)**	$3,000	$5,000	As incurred	Before opening	Contractors and vendors
Technology and Software License Fee **(4)** – 3 Months	$3,675	$3,675	As incurred	Monthly	Us
Delivery Vehicle **(5)**	$4,000	$12,000	As incurred	Before opening	Vendors
Exterior Signage **(6)**	$12,000	$20,000	As incurred	As vendors require	Contractors and vendors
3 Months' Rent **(7)**	$9,000	$20,000	As incurred	As landlord requires	Lessor
Initial Inventory **(8)**	$8,000	$17,000	As incurred	As incurred	Us and vendors
Opening Marketing **(9)**	$15,000	$20,000	As incurred	Before opening	Vendors
Training Expenses **(10)**	$5,000	$6,000	As incurred	Before opening	Transportation lines, hotels, restaurants
Business License and Permits **(11)**	$3,000	$7,500	As incurred	As incurred	Government authorities and other third parties

Column 1 **Type of Expenditure (1)**	**Column 2** **Amount**		**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
	Low	High			
Professional Fees **(11)**	$1,000	$3,000	As incurred	As incurred	Attorneys, accountants, and other professional advisors
Insurance **(11)**	$2,000	$4,000	As incurred	As incurred	Insurance carriers and brokers
Additional Funds – 3 Months **(12)**	$5,000	$35,000	As incurred	As incurred	Us and vendors
TOTAL ESTIMATED INITIAL INVESTMENT (13)	$200,675	$379,675			

Explanatory Notes:

(1) The amounts provided in the Franchise Agreement table above reflect costs you will incur to develop a Shop under the Franchise Agreement. The amounts provided in the Conversion Addendum table above reflect costs you will incur to convert an existing flower shop to a French Florist Shop under the Franchise Agreement and Conversion Addendum. Except for the security deposit under the Shop's lease, which is typically refundable if you comply with the lease terms, all fees and payments are non-refundable. We base the low and high ranges on an average size premises for a French Florist Shop, which ranges from 1,000 to 1,700 square feet. The costs for rent, furniture, fixtures and equipment, leasehold improvements and inventory and supplies will vary based on the Shop's square footage, condition of the property, location, market conditions, financing costs, and other physical characteristics of your franchised location. If you are a Conversion Franchise, we will approve the Site as a condition of entering into the Franchise Agreement.

(2) We describe the initial franchise fee in Item 5. The initial franchise fee is a $45,000 lump sum payment for a standard franchise. If you develop additional Shops under a Development Rights Agreement, you will incur the Development Fee outlined in the Table 3: Development Rights Agreement, below.

(3) You will need to alter the Site's interior space to meet our then current specifications and develop the Shop. These figures cover the estimated costs related to demolition, construction, remodeling, repair, insulation, doors and hardware, walls, ceilings, flooring, painting, decoration, leasehold improvements and other fixed assets, cabinets, plumbing, HVAC, electrical, fire and security systems, and similar costs for development of a French Florist Shop. The amounts will vary depending primarily on

the Shop's size and location. Some landlords may pay some or all of your tenant improvements as part of your lease negotiations. This estimate does not include construction of a building from the ground up. A Conversion Franchise may previously have undertaken leasehold improvement that may satisfy these requirements. The 'Design and architect' estimates are applicable if you use an architect or other design contractor to design and/or develop the Shop, with a lower high-end estimate for a conversion. These services may be provided by third-party vendors or, at our option, by us or our affiliates. If we or our affiliates provide these services, you will pay us directly for such services within the range set forth above.

(4) These figures cover your other Operating Assets and associated expenses, except for your signs and delivery vehicle which are addressed separately in the table. "**Operating Assets**" means the furniture, fixtures, walk-in cooler, vehicles, Computer System (defined below) components, equipment, furnishings, and signs that we periodically require for the Shop. The amount stated for the walk-in cooler includes condenser and installation costs. The "**Computer System**" means the computer-based, web-based application and/or other technological systems and services that we periodically specify, including hardware components, software, dedicated communication and power systems, printers, payment devices, and other computer-related accessories and peripheral equipment. Your costs for Operating Assets will vary primarily depending on the market in which the Shop is located.

(5) If the Shop is your first French Florist Shop, you (or your affiliate) must purchase or lease a delivery vehicle meeting our specifications before your Shop opens for business. Our estimates include the cost to wrap the vehicle and the first 3 monthly payments under a vehicle lease. If this is your (or your affiliate's) second or subsequent French Florist Shop, we may require you to purchase or lease a delivery van meeting our specifications depending on the Shop's proximity to the French Florist Shop(s) you (or your affiliate) already operate. A Conversion Franchise may have previously purchased a vehicle, but the vehicle will need to be re-branded with our wrap.

(6) Exterior signage estimated costs include shipping and installation.

(7) Rent amounts can vary depending upon the area in which the Site is located, its size, the condition of the premises, the landlord's contribution to your leasehold improvements and other factors. The ranges above do not include any landlord improvements. Unless you are a Conversion Franchise, you probably will also have to pay the landlord a first and last months' rent deposit and possibly a lease security deposit when you sign the lease. A Conversion Franchise will have previously paid security deposit expenses. You may choose to purchase, rather than rent, real estate on which a building suitable for the Shop already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular parcel of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Shop.

(8) This amount includes a required initial inventory package purchased from us, as described in Item 5, as well as additional inventory that you purchase from approved suppliers. This figure includes costs for an initial supply of flowers, plants, packaging, cleaning supplies and other supplies used in the operation of the Shop, as well as other products that the Shop sells. These costs will vary according to the Shop's anticipated sales volume and current market prices for inventory and supplies. For Conversion Franchises, initial inventory costs may be lower because you may already have certain inventory or supplies, although all inventory must meet our standards.

(9) You must conduct your opening marketing program according to our standards and specifications. Shops must spend at least $15,000 for opening marketing before and after the opening date. You may choose to spend more than $15,000 on the Shop's opening marketing. Up to 90 days before your planned opening date, we or our designated marketing services vendor may require you to pay up to $15,000 to be held in a dedicated account for our designated vendor to utilize on your opening marketing. If we require, you must provide evidence to us of your approved program expenditures.

(10) This range includes your personnel's estimated costs and expenses for lodging, transportation, and meals while they attend the required training programs. We provide an Initial Training Program for your Managing Owner and General Manager, and a separate Designer Training Program for your Lead Designer. We do not charge a fee for providing the Initial Training Program for up to two individuals (Managing Owner and General Manager) or the Designer Training Program for one Lead Designer. Additional personnel may attend training at our discretion, and we may charge a fee (currently $500 per day per attendee). If we determine that you or your personnel have not satisfactorily completed any training program, we may require additional training at your expense. Training fees are not refundable under any circumstances.

(11) This range estimates costs for insurance, security deposits, utility deposits, business licenses, professional fees and other miscellaneous prepaid and opening expenses you may incur in developing the Shop. A Conversion Franchise will likely have previously paid any of these expenses.

(12) The estimate range includes minimum working capital for the startup of your Business and miscellaneous startup costs. This amount estimates the funds needed to cover initial operating expenses for the Shop, including Shop management salaries and required local marketing, for a period of three (3) months of operation (other than the items identified separately in the table). These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. Your costs will depend on factors such as how closely you follow our recommended methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the Shop's products; the prevailing wage rate; competition; and the sales level reached during the initial period.

(13) We relied on our affiliates' experience in developing and operating French Florist Shops since 1978 and our franchisee's experience in developing or converting to and operating French Florist Shops since 2024 to prepare the estimate for additional funds and other

estimates in this table. You should review these figures carefully with a business advisor before deciding to acquire the franchise. The estimate does not include any finance charge, interest, or debt service obligation. We do not offer financing for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and the lending policies of financial institutions from which you request a loan.

Table 3: Development Rights Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 **Type of Expenditure**	**Column 2** **Amount**		**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be made**
	Low	High			
Development Fee **(1)**	$85,000	$120,000	Lump sum	Upon signing Development Rights Agreement	Us
Estimated Initial Investment for First Shop **(2)**	$197,675	$353,675	As incurred	As incurred	Us and third parties
TOTAL ESTIMATED INITIAL INVESTMENT (3)	$282,675	$473,675			

Explanatory Notes

(1) Upon signing the Development Rights Agreement, you must pay us the Development Fee based on the number of French Florist Shops you commit to develop. The example above assumes that you commit to develop a minimum of 2 French Florist Shops and a maximum of 3 French Florist Shops. The Development Fee is not refundable. See Item 5.

(2) For each French Florist Shop that you develop under a Development Rights Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single French Florist Shop as described in Table 1 of this Item 7. This Estimated Initial Investment for First Shop figure in Table 3 is based on the expenses described in Table 1 but excludes the amount of the Initial Franchise Fee.

(3) The Total Estimated Initial Investment number in this Table 3 represents the total estimated initial investment to develop the first French Florist Shop under the Development Rights Agreement, less the Initial Franchise Fee (which is included in the Development Fee). It does not include the cost to open the second and third French Florist Shops.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Franchise Agreement

System Standards

In order to strive for a uniform image and uniform quality of products and services throughout French Florist Shops, you must operate and maintain the Shop according to our brand standards and System Standards. System Standards may regulate, among other things, the brands, types, and models of Operating Assets and other products and services you use to operate the Shop; required or authorized products and services or product and service categories; preparation methods for flower and plant products; and designated or approved suppliers of these items and services, which might include or be limited to us and/or our affiliates.

You must provide, and/or contract with others to provide, Event Service and Delivery Service from the Shop according to the Franchise Agreement and all applicable System Standards. You may not establish another outlet or property (other than the Site) for use in connection with Event Service or Delivery Service without our prior written consent. We have the right to designate the approved suppliers for Event Service and Delivery Service, including listing, marketing, marketplace reservation, fulfillment services, affiliate channels, reseller and referral partners, gift card platforms, procurement portals, such as national suppliers or a proprietary delivery interface.

You must use the Computer System and our affiliate's proprietary software that is part of the Technology and Software License Fees that currently includes the point-of-sale system, online order capabilities, and back-office management systems. You must purchase or subscribe and use the designated accounting software, currently QuickBooks Online. You must provide to us both view-only access and direct API access as an authorized user to your accounting software account.

We issue and modify our System Standards based on our, our affiliates' and our franchisees' experience in franchising and/or operating French Florist Shops. We will notify you in our Operations Manual or in other written communications of our System Standards and names of designated and approved suppliers. We also provide our relevant standards and specifications to approved suppliers. Currently, the purchases and leases that you must make from us or our affiliates, from approved suppliers, or according to our System Standards represent approximately 50-60% of your total purchases and leases in establishing, and approximately 30-40% of your total purchases and leases in operating, the Shop.

Suppliers

You must purchase or lease all Operating Assets and other products and services for the Shop according to the System Standards, and if we require, only from suppliers or distributors that we designate or approve, which may include or be limited to us or our affiliates. When determining whether to source-restrict a particular item or service that you must acquire, we take into account a variety of factors, including pricing, the quality and accessibility of products and/or services and the importance of uniform quality of products and services throughout French Florist Shops.

Currently, we are an approved supplier (but not the only approved supplier) of flowers, greens, plants, vases, designer supplies, ancillary floral supplies (such as ribbon and wrapping paper), and uniforms for use in the Shop. As described in Item 5, you must purchase an initial inventory package from us; thereafter, you may purchase additional inventory from us or approved suppliers, as specified in our System Standards. In addition, we are the only approved supplier of the proprietary software that you must use in the operation of your Shop. Our Chief Executive Officer Michael Jacobson has an ownership interest in us. In the future, we may designate us and/or our affiliates as approved suppliers or the only approved supplier for additional products and services. We or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. During calendar year 2025, we received $135,406 in revenue from selling products or services to French Florist Shop franchisees, which was 7.2% of our total revenue of $1,869,712. No affiliate received any revenue of this type during calendar year 2025, although affiliates may receive such revenue in the future.

To maintain the quality of the goods and services that French Florist Shops use and sell and our network's reputation, at our option, you must use us or the real estate companies and brokers, development or construction company, architect and/or other contractor whom we designate or approve to locate, procure, design and/or develop the Shop, including for the design and rendering of the Shop. You must use the marketing agency or marketing services vendor that we designate for marketing services, including paid media channel management. You currently also must buy flowers, greens, plants, vases, designer supplies, ancillary floral supplies (such as ribbon and wrapping paper), uniforms, certain components of the Computer System, vehicles, walk-in cooler equipment, and certain fixtures and decorations for the Shop only from a designated or approved supplier. You must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing and for bookkeeping services. You can find the names of designated and approved suppliers, which we may periodically modify, in the Operations Manual or other written communications from us.

Except as described in this Item 8, there currently are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Shop that you must purchase from us or designated or approved suppliers. We are a supplier of certain equipment and inventory. Our Chief Executive Officer owns an interest in us.

If you want to use any Operating Assets or other products or services for or at the Shop that we have not yet evaluated, or purchase or lease any Operating Assets or other products or services from a supplier or distributor that we have not yet approved (for Operating Assets or other products and services that we require you to purchase only from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier or distributor meets our criteria. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, production capacity, quality assurance systems, reputation, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We may inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to deliver product or other samples, at our option, either directly to us or to any independent laboratory that we designate for testing. For each supplier, distributor, or product you submit for our review, you must pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier or service provider is approved. We will use commercially reasonable efforts to notify you of our approval or disapproval within six (6) months after receiving all information we require. We may periodically re-inspect the facilities, products and services of any approved supplier or distributor and, upon notice to franchisees and/or the supplier, revoke our approval of any supplier, distributor, product or service that does not continue to meet our criteria. Despite these rights, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive source (which might be us or our affiliate) for the applicable product or service or if we believe that doing so is in the best interests of the French Florist Shop network. The Operations Manual may provide additional detail on the manner in which we grant and revoke approval of suppliers.

We or our affiliates may receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates may retain any rebates or other payments we receive from suppliers without restriction. In calendar year 2025, we received revenues in the amount of $10,320 from such rebates, which was <1% of our total revenues of $1,869,712. In calendar year 2025, no affiliate received any revenues from such rebates. We collect a rebate from our designated marketing, technology, and operations vendors based on a percentage of our franchisees' purchases of required services and products from these vendors.

We will not provide material benefits, like renewal or granting additional franchises, to franchisees based on their purchase of particular products or services or use of particular suppliers. We negotiate purchase arrangements with some suppliers, including price terms. In doing so, we seek to promote the overall interests of our franchise network and our interests as franchisor. There are no formal purchasing or distribution cooperatives in the French Florist Shop franchise network.

Insurance

You must maintain in force at your sole expense the insurance coverage for the Shop (including the Event Service and Delivery Service) in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in our Operations Manual for similarly situated French Florist Shops. Currently, base requirements are workers' compensation in the minimum amount required by state law without exclusion of principal owners who actively work in the French Florist Shop; general liability insurance, including broad form contractual liability, covering bodily injury, property damage, personal injury, hired and nonowned auto, and advertising injury in the amount of $1,000,000 per occurrence, in the aggregate of $2,000,000; business personal property insurance on a full replacement cost basis for all owned or leased property, covering risks of fire, theft, and natural disasters; employment practices liability insurance in the amount of $500,000; business interruption (business income) insurance to cover losses that result from the suspension of business operations due to a covered loss; cyber liability insurance with a minimum limit of $250,000 per occurrence and in the aggregate, covering data breaches, cyber-attacks, and other cyber-related risks; and umbrella liability coverage in the amount of $1,000,000.

All of your insurance carriers must be rated A or higher by A. M. Best and Company, Inc. or using similar criteria as we periodically specify. Except for Worker's Compensation coverage, the insurance policies you purchase must name us, our affiliates, officers, directors, members and employees as an additional insured and you must provide an updated Certificate of Insurance to us for our files upon the annual renewal.

Local Marketing

You may only use content, photographs, marketing materials, product descriptions and recipes, and other intellectual property and items created by Franchisor, its affiliates, or for the Franchise System in the way and to the extent as specifically and expressly authorized by us. You must obtain our approval of the opening marketing plan for the Shop. You also must at your expense participate in the manner we periodically specify in all advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that we periodically designate for the Shop. You must ensure that all of your Local Marketing is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Before using them, you must send to us, for our approval, descriptions and samples of all proposed Local Marketing that we have not prepared or previously approved within the previous six (6) months. If you do not receive written notice of approval from us within 5 business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing.

Shop Upgrades

In addition to your obligations to maintain the Shop according to System Standards, once during the Franchise Agreement's term, we may require you to substantially alter the Shop's and the Site's appearance, branding, layout and/or design, and/or replace a material portion of your Operating Assets, in order to meet our then current requirements for new similarly situated French Florist Shops. This obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Shop, and/or in your spending substantial amounts for new Operating Assets. You must incur any capital expenditures required to comply with this obligation and our requirements. Within 60 days after receiving written notice from us, you must have plans prepared according to the standards and specifications we specify and, if we require, using architects and contractors we designate or approve, and you must submit those plans to us for our approval. You must complete all work according to the plans we approve within the time period that we reasonably specify. In determining the time period, we will take into account a number of factors, including the expenses required, the availability of new products and services, and the disruption to shop operations that the upgrade will require. However, this does not limit your obligation to comply with all mandatory System Standards we periodically specify.

Development Rights Agreement

Each site is subject to our acceptance. The site must meet our then current site selection standards. Otherwise, the Development Rights Agreement does not require you to buy or lease from us or designated or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items to establish or operate the business under the Development Rights Agreement. However, you must follow our requirements under the Franchise Agreement for each French Florist Shop you develop.

Item 9

FRANCHISEE'S OBLIGATIONS

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

	Obligations	Section in agreement	Disclosure document item
a.	Site selection and acquisition/lease	2.A., 2.B. and 2.G. of Franchise Agreement and 8 of Development Rights Agreement	7, 8, 11 and 12
b.	Pre-opening purchases/leases	2.B., 2.D., 2.E. and 6 of Franchise Agreement	7, 8 and 11
c.	Site development and other pre-opening requirements	2 of Franchise Agreement	7, 8 and 11
d.	Initial and ongoing training	4 of Franchise Agreement	5, 6, 7 and 11
e.	Opening	2.F. of Franchise Agreement	11
f.	Fees	4.E., 4.F., 5, 6.G., 7.B., 9, 13.C., 13.D., 14.A., 16.A., 17.D. and 18.C. of Franchise Agreement, 3of Conversion Addendum, and 4 and 5 of Development Rights Agreement	5, 6, 7, 8 and 11
g.	Compliance with standards and policies/Operating Manual	4.F., 4.G., 6, 7.A., 7.C. and 10.A. of Franchise Agreement	6, 8 and 11
h.	Trademarks and proprietary information	10 and 11 of Franchise Agreement and 7 and 10 of Development Rights Agreement	13 and 14
i.	Restrictions on products/services offered	6.B., 6.C. and 6.H. of Franchise Agreement	8, 11 and 16

	Obligations	Section in agreement	Disclosure document item
j.	Warranty and customer service requirements	6 of Franchise Agreement	11 and 16
k.	Territorial development and sales quotas	2 of Franchise Agreement and 2, 5 and Schedule A of Development Rights Agreement	8, 11 and 12
l.	On-going product/service purchases	6 of Franchise Agreement	8, 11 and 16
m.	Maintenance, appearance and remodeling requirements	6.A. and 6.H. of Franchise Agreement	8 and 11
n.	Insurance	6.G. of Franchise Agreement	6, 7 and 8
o.	Advertising	7 of Franchise Agreement	6, 7, 8 and 11
p.	Indemnification	10.E. and 17.D. of Franchise Agreement and 16 of Development Rights Agreement	6
q.	Owner's participation/ management/ staffing	1.C., 1.D. and 4 of Franchise Agreement	11 and 15
r.	Records and reports	8 of Franchise Agreement	6 and 11
s.	Inspections and audits	2.D., 2.F., 4.F., 6.C. and 8 of Franchise Agreement	6
t.	Transfer	13 of Franchise Agreement and 14 and 15 of Development Rights Agreement	6 and 17
u.	Renewal	14 of Franchise Agreement	6 and 17
v.	Post-termination obligations	16 of Franchise Agreement	6 and 17
w.	Non-competition covenants	12 and 16.D. of Franchise Agreement and 10 of Development Rights Agreement	17
x.	Dispute resolution	18 of Franchise Agreement and 16 of Development Rights Agreement	17

Item 10

FINANCING

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

Item 11

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

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

If you sign the Development Rights Agreement, then before you begin operating your business under that agreement, we will:

(1) Determine the Development Area within which you will look for French Florist Shop sites. (Development Rights Agreement – Section 2)

(2) Determine the number of French Florist Shops that you (or your Controlled Affiliates) must open in the Development Area under the Development Schedule attached to the Development Rights Agreement. (Development Rights Agreement – Section 2)

(3) Determine the Development Schedule and the deadlines by which you (or your Controlled Affiliate) must sign a franchise agreement for, and open and begin operating, each French Florist Shop to be developed under the Development Rights Agreement. (Development Rights Agreement – Section 5)

If you sign the Development Rights Agreement, then during your operation under that agreement, we will:

(1) Grant or deny requests for 30-day extensions of the Franchise Agreement signing deadline and/or shop opening deadline on the Development Schedule. You must send us a $2,500 extension fee with each request for an extension. If we grant the extension, the extension fee is non-refundable. If we deny the extension, we will refund the extension fee. (Development Rights Agreement – Section 5)

(2) Accept sites for French Florist Shops in the Development Area that meet our then current requirements. We generally do not own sites and lease them to franchisees, lease sites and sublease them to franchisees, or select sites for franchisees. To propose a site for each French Florist Shop, you must deliver to us a complete site report and other materials and information we request for that site. You must locate the Shop only at a site we have accepted. The site must meet our then current site selection standards. We will not unreasonably withhold our acceptance of a site that meets our then current criteria for demographic characteristics; access; traffic patterns; parking; visibility; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; the proposed site's size, appearance, and other physical characteristics. We also may consider the site's proximity both to the Development Area's boundaries and to other existing or potential sites for French Florist Shops located outside the Development Area. We will use our reasonable efforts to review and either accept or reject a site you propose within 30 days after receiving the complete site report and other materials. If we have not accepted your (or your Controlled Affiliate's) proposed site for any French Florist Shop as of the date you (or your Controlled Affiliate) sign the Franchise Agreement for the development and operation of such French Florist Shop, the site selection provisions of the applicable Franchise

Agreement will govern our and your (or your Controlled Affiliate's) rights and obligations with respect to the selection and acceptance of that site. (Development Rights Agreement – Section 8)

(3) Grant you (or your Controlled Affiliate) franchises to operate French Florist Shops at sites we accept in the Development Area. You (or your Controlled Affiliate) must sign our then current form of franchise agreement and any ancillary agreements for each French Florist Shop developed under the Development Rights Agreement, the terms of which may differ substantially from the terms contained in the Franchise Agreement attached to this disclosure document. If you fail to meet the Development Schedule, we may terminate the Development Rights Agreement. (Development Rights Agreement – Sections 6 and 9)

Under the Franchise Agreement, before you open the Shop, we will:

(1) Accept a Site that meets our requirements. We describe our site selection process and your obligations above. If you do not sign a lease for a site that we accept within five (5) months after you sign the Franchise Agreement, we have the right to terminate the Franchise Agreement and your initial fee will be forfeited. (Franchise Agreement – Section 2.A.) If you are a Conversion Franchise, approval of your existing location is a condition to entering into the Franchise Agreement.

(2) Accept a letter of intent and lease that meets our requirements. You must obtain our prior written acceptance of the letter of intent and the terms of any lease or sublease for the Site before you sign it. The letter of intent and lease must contain the terms and provisions that are reasonably acceptable to us, including provisions to protect our rights as your franchisor as set forth in our standard lease rider (Franchise Agreement, Schedule E). You must give us a copy of the fully signed lease within 10 days after you and the landlord have signed it. You may not sign any renewal or amendment of the lease that we have not accepted. You must sign a lease that we have accepted, for a Site that we have accepted, within five (5) months after you sign the Franchise Agreement; otherwise we may terminate the Franchise Agreement. (Franchise Agreement – Section 2.B.)

(3) Provide you mandatory and suggested written specifications and layouts necessary for a French Florist Shop, which might include recommendations and/or requirements for dimensions, design, image, interior layout (including equipment placement), décor, and all required furniture, fixtures, vehicles, computer system, opening inventory, supplies, equipment, furnishings, and signs ("Operating Assets"), and color scheme. (Franchise Agreement – Section 2.D.) The Shop must contain all of the Operating Assets, and only the Operating Assets, that we periodically specify. At our option, you must use only the development company, architect and/or other contractor(s) that we periodically designate or approve to design and/or develop the Shop. We may provide or designate approved providers for design and rendering services. We do not provide any Operating Assets or other items for the Shop's development directly or deliver or install items. We will provide the names of approved suppliers and/or specifications for some items.

You must prepare all required construction plans and specifications to suit the Site and make sure that they comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. You must submit construction plans and specifications to us for approval before you begin constructing the Shop and all revised or "as built" plans and specifications during construction. Our review is limited to ensuring your compliance with our design requirements and the Franchise Agreement's other requirements. Our review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is your responsibility. You must remedy, at your expense, any noncompliance or alleged noncompliance with those laws and regulations. We may periodically inspect the Site while you are developing the Shop.

At your expense, you must construct, install trade dress, and furnish all Operating Assets in, and otherwise develop, the Shop at the Site according to our standards, specifications, and directions. (Franchise Agreement – Section 2.D.)

(4) Train you and your personnel to operate a French Florist Shop. We describe this training later in this Item 11. (Franchise Agreement - Sections 4.A. to 4.D.)

(5) Provide you access to our Operations Manual for use in operating the Shop during the Franchise Agreement's term. The Operations Manual might include written or intangible materials (including videos and other electronic media) and we may make it available to you by various means. At our option, we may post the Operations Manual on the System Website (defined below) or another restricted website to which you will have access. If we do so, you must periodically monitor the website for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website are part of our confidential information. The Operations Manual contains System Standards and information on your other obligations under the Franchise Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. You must keep your copy of the Operations Manual current and communicate all updates to your employees in a timely manner. If there is a dispute over its contents, our master copy of the Operations Manual controls. The contents of the Operations Manual are confidential, and you may not disclose the Operations Manual to any person other than Shop employees who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, except as we periodically authorize for training and operating purposes. Our Operations Manual has a total of 350 pages as of the date of this disclosure document and its table of contents appears in Exhibit D.

Any materials, guidance or assistance that we provide concerning the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Shop's employees. You are solely responsible for determining the terms and conditions of employment for all Shop employees, for all decisions concerning the hiring, firing and discipline of Shop employees, and for all other aspects of the Shop's labor relations and employment practices. (Franchise Agreement – Sections 4.G. and 6.H.)

(6) We may provide Guest Services for the Shop, for which we may charge you reasonable fees. We may periodically modify any Guest Services, the French Florist Web Platform and any Ordering Systems, including the services provided, and may periodically stop providing any or all Guest Services, French Florist Web Platform access or services, and Ordering Systems upon notice to you. (Franchise Agreement – Section 6.D.)

(7) Assist with the development of your opening marketing program. We describe our marketing programs and assistance below in this Item 11. (Franchise Agreement – Section 7.A.)

Under the Franchise Agreement, during your operation of the Shop, we will:

(1) Advise you periodically regarding the Shop's operation based on your reports or our inspections. We will guide you on standards, specifications, operating procedures and methods that French Florist Shops use, including establishing prices, such as setting minimum or maximum prices at which you must sell products and services in accordance with applicable law; purchasing required or recommended Operating Assets and other products; and administrative, bookkeeping and accounting procedures. We will guide you in our Operations Manual, in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our office or the Shop. If you request and we agree to provide additional or special guidance, assistance or training, you must pay our then applicable charges, including our personnel's per diem charges and any travel and living expenses. Any specific ongoing training, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Section 4.F.)

(2) Provide updates to the Operations Manual and System Standards as we implement them. Our periodic modification of our System Standards (including to accommodate changes to the Computer System and the Marks), which may accommodate regional and/or local variations, may obligate you to invest additional capital in the Shop and incur higher operating costs, and you must comply with those obligations within the time period we specify. Although we retain the right to establish and periodically modify the Franchise System and System Standards that you have agreed to follow, you retain the responsibility for the day-to-day management and operation of the Shop and implementing and maintaining System Standards at the Shop. We may vary the Franchise System and/or System Standards for any French Florist Shop or group of French Florist Shops based on the peculiarities of any conditions or factors that we consider important to its operations. You have no right to require us to grant you a similar variation or accommodation. (Franchise Agreement – Sections 4.G., 6.H. and 6.I.)

(3) Maintain and administer the Brand Fund (if we establish a Brand Fund) and the System Website. (Franchise Agreement – Section 7) We describe the Brand Fund and System Website below.

Shop Opening

You must open your Shop for business within nine (9) months of signing the Franchise Agreement. The typical length of time between your signing the Franchise Agreement (which is when you will first pay us consideration for the franchise) and the Shop's opening date is approximately six (6) to nine (9) months; and three (3) months for a Conversion Franchise. The precise timing depends on the time it takes you to sign an accepted lease; the Site's location and condition; the work needed to develop the Shop according to our System Standards; completing training; obtaining financing; obtaining insurance; and complying with local laws and regulations. You must open the Shop on or before the opening deadline defined and listed in Schedule A to the Franchise Agreement, or we may terminate the Franchise Agreement.

You may not open the Shop until: (1) you have properly developed and equipped the Shop according to our standards and specifications and in compliance with all applicable laws and regulations; (2) your personnel have completed all pre-opening training to our satisfaction; (3) you have paid all amounts you then owe to us and our affiliates; (4) you have given us evidence of required insurance coverage and payment premiums; (5) you have given us a copy of your fully-signed lease; and (6) if we (at our sole option) require, we have conducted a pre-opening inspection and/or have certified the Shop for opening up to 2 weeks prior to opening. Our determination that you have met all of our pre-opening requirements will not constitute a waiver of your non-compliance or of our right to demand full compliance with those requirements. (Franchise Agreement – Section 2.F.)

Advertising, Marketing and Promotion

Opening Marketing Program

You must, at your expense, implement an opening marketing program for the Shop according to the requirements in the Operations Manual and other System Standards. At least 90 days before the Shop's planned opening date, you must prepare and submit to us for our approval a proposed opening marketing program that covers a period before and after the opening date and contemplates spending at least $15,000. You must implement the approved opening marketing program and, if we require, provide us with evidence of your approved program expenditures. (Franchise Agreement – Section 7.A.)

Brand Fund

We administer and control the Brand Fund for the ongoing technology and related developments, advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of French Florist Shops that we periodically deem appropriate. If we spend more on these ongoing costs, expenses, initiatives, programs, or and materials than what is available in the Brand Fund, we may reimburse ourselves for such in the following year(s) should there be a Brand Fund surplus. You must contribute to the Brand Fund. We currently require you to pay us, via electronic funds transfer or another payment method we specify and together with each payment of the Royalty, a contribution to the Brand Fund each month in an amount equal to 2% of Net Sales. We may require you to contribute the amount that we periodically specify on 30 days' notice up to 3% of Net Sales. While some franchisees may contribute a different amount or at a different rate, we anticipate that all franchisees will contribute to the Brand Fund. French Florist Shops that we or our affiliate operates are not required to contribute to the Brand Fund.

We have the right to designate and direct all programs that the Brand Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Brand Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social Media (defined below); developing, maintaining and administering one or more System Websites, including the French Florist Web Platform, online sales and customer retention programs, mobile applications, and other technologies used to reach customers and potential customers; developing, maintaining, and administering the Guest Services; administering national, regional, multi-regional and local marketing, advertising, promotional and customer relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. The Brand Fund may place advertising or other programs in any media, including print, radio, and television, on a local, regional or national basis. Our in-house staff, national or regional advertising agencies, and/or other contractors may produce advertising, marketing, promotional and other Brand Fund programs and materials. The Brand Fund also may reimburse French Florist Shop operators (including us and/or our affiliates) for expenditures consistent with the Brand Fund's purposes that we periodically specify. We also may implement programs that the Brand Fund could finance, but choose to finance them through other means, such as through your and other French Florist Shop operators' direct payments.

We will account for the Brand Fund separately from our other funds and not use the Brand Fund to pay any of our general operating expenses, except to compensate us and our affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur relating to activities performed for the Brand Fund and its programs, including conducting market research, preparing advertising and marketing materials, maintaining and administering the System Website and/or Social Media, developing technologies to be used by the Brand Fund or its programs, collecting and accounting for Brand Fund contributions, and paying taxes on contributions. We will not use any Brand Fund contributions principally to solicit new franchise sales, although part of the System Website is devoted to franchise sales and advertising we produce through the Brand Fund may include information about the availability of franchises for purchase. The Brand Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

During the 2025 calendar year, we collected approximately $49,473 in Brand Fund contributions and spent approximately $930,009 on marketing. While we may reimburse ourselves from the Brand Fund for present and past marketing programs and materials, there is no future expectation that the Brand Fund needs to refund us for any annual or cumulative deficit. If less than all the Brand Fund contributions are used in the year in which they accrue, we may reimburse ourselves from the Brand for past marketing programs and materials or leave the money in the Brand Fund to be spent in a future year. The marketing expenditures during 2025 were as follows:

26.8% on corporate overhead, 65.7% on production and market research, and 7.5% on market-level advertising. The Brand Fund is not audited. We will make available to you an unaudited annual statement of Brand Fund collections and expenses upon written request. We do not intend for the Brand Fund to be audited, we may have the Brand Fund audited periodically at the Brand Fund's expense by an independent accountant we select.

We intend the Brand Fund to maximize recognition of the Marks and patronage of French Florist Shops. Although we will try to use the Brand Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with those listed in this Item 11) that will benefit all or certain contributing French Florist Shops, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions from French Florist Shops operating in that geographic area, or that any French Florist Shop benefits directly or in proportion to the Brand Fund contributions that it makes. We have no obligation to make any advertising expenditures (from the Brand Fund or otherwise) in your geographic area. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect Brand Fund contributions. We also may forgive, waive, settle and compromise all claims by or against the Brand Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Brand Fund.

At any time, we may defer or reduce a French Florist Shop operator's contributions to the Brand Fund. Upon at least 30 days' written notice to you, we may reduce or suspend Brand Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will (at our option) either spend the remaining Brand Fund assets consistent with the provisions of this Item 11 or distribute the unspent assets to French Florist Shop operators (including us and our affiliates, if applicable) then contributing to the Brand Fund in proportion to their contributions during the previous 12-month period. There currently are no advertising councils of franchisees that advise us on advertising policies in the French Florist Shop network. (Franchise Agreement – Sections 7.B. and 7.D.)

Local Marketing

You must at your expense participate in the manner we periodically specify in all advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that we periodically designate for the Shop. You may only use the Marks in the way that we authorize and approve. You must ensure that all Local Marketing is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Before using them, you must send to us, for our approval, descriptions and samples of all proposed Local Marketing that we have not prepared or previously approved within the previous six (6) months. If you do not receive written notice of approval from us within 5 business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing. Currently, each month you must spend at least the greater of: (a) $5,000 or (b)

12% of Net Sales on Local Marketing. This amount is in addition to any Brand Fund contributions you are required to make.

Our System Standards may regulate sales, marketing, advertising, promotions and public relations programs and materials for the Shop and media uses in these programs, including participation in and compliance with the requirements of any special advertising, marketing, promotion, charitable and public relations programs in which all or certain French Florist Shops participate. This includes standards for participating in charitable and public relations programs, as we periodically modify them. (Franchise Agreement – Sections 6.H., 7.C. and 7.D.)

Advertising Cooperatives

Currently, there are no Cooperatives in the French Florist Shop network. However, we may designate a geographic area (typically a Designated Market Area defined by Nielsen Company) in which two or more French Florist Shops are located as an area for a Cooperative. The Cooperative's members in any area are the owners of all of the French Florist Shops located and operating in that area (including us and our affiliates, if applicable) that we have the right to require to participate in the Cooperative. Each member will contribute at the same rate. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. Each Cooperative will, with our approval, develop, administer or implement advertising, marketing and promotional materials and programs for the area that the Cooperative covers. If we have established a Cooperative for the geographic area in which the Shop is located on the date you sign the Franchise Agreement, or if we establish a Cooperative in that area during the Franchise Agreement's term, you must sign the documents that we require to become a member of the Cooperative and to participate in the Cooperative as those documents require. Cooperatives will operate from written governing documents that members may review. You must contribute to the Cooperative the amounts that the Cooperative determines, subject to our approval. Amounts contributed to the Cooperative will count towards the Local Marketing Requirement.

All material decisions of the Cooperative, including contribution levels (which also require our approval), will require the affirmative vote of more than 50% of all French Florist Shops that are required to participate in the Cooperative, with each French Florist Shop receiving one vote. You must send us any reports that we or the Cooperative periodically require. Cooperatives will prepare annual or periodic financial statements and make them available for us and the Cooperative's members to review. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that we have not approved. We may form, change, dissolve and merge Cooperatives. (Franchise Agreement – Section 7.D.).

Local Marketing Requirement

The Local Marketing Requirement is the minimum amount that you must spend on Cooperative contributions and approved Local Marketing for the Shop during each calendar month, and is an amount we periodically specify, currently 12% of Net Sales during that calendar month. This amount is in addition to any Brand Fund contributions you are required to make. Although we may not require you to spend more than the Local Marketing Requirement on

Cooperative contributions and approved Local Marketing, you may choose to do so. We will not count towards your Local Marketing Requirement the cost of free or discounted products or services, coupons, special offers or price reductions that you provide as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that we, in our reasonable judgement, deem inappropriate for meeting the Local Marketing Requirement. (Franchise Agreement – Section 7.E.)

System Website

We or our designees may establish a website or series of websites or similar technologies, including mobile applications and other technological advances that perform functions similar to those performed on traditional websites, for the French Florist Shop network to advertise, market and promote French Florist Shops, the products and services they offer, and the French Florist Shop franchise opportunity; to facilitate the operations of French Florist Shops (including, at our option, online ordering and/or sales); and/or for any other purposes that we determine are appropriate for French Florist Shops (those websites, applications and other technological advances are collectively called the "**System Website**"). If we include information about the Shop on the System Website, then you must give us the information and materials that we periodically request concerning the Shop and participate in the System Website in the manner that we periodically specify. We have the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that we determine. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or the Shop on the System Website changes or is not accurate.

We or our affiliate own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of "hits" by visitors, and any personal or business data that visitors (including you, your personnel and your customers) supply. We may use the Brand Fund's assets to develop, maintain, support and update the System Website. We may implement and periodically modify System Standards relating to the System Website and, at our option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time.

All Local Marketing that you develop for the Shop must contain notices of the System Website in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile applications, kiosks and other interactive properties or technology-based programs) that mentions or describes you, the Shop or its products or services or that displays any of the Marks. Except for the System Website (if applicable), you may not conduct commerce or offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval. Nothing in the Franchise Agreement limits our right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet (including to the Shop's customers and prospective customers) without payment or obligation of any kind to you. (Franchise Agreement – Section 7.F.)

Social Media

You must comply with our policies and requirements, which we may periodically modify, concerning blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites and applications like Pinterest, Instagram, and TikTok, and other similar social networking or media sites or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the Shop. These policies may involve prohibitions on your and your representatives' use of Social Media relating to the Marks or the Shop. (Franchise Agreement – Section 7.G) You are not permitted to create, maintain, operate, control, or publish content on any social media accounts, pages, profiles, or channels that use or reference the French Florist® names, marks, logos, branding, or any variations. We exclusively own, establish, maintain, control, and manage all social media accounts and all related content for the System.

Computer System

You must obtain and use the Computer System in operating the Shop. We may periodically modify the specifications for and components of, and/or the technologies and functions for the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or license new or modified computer hardware, software, and other components and technologies and to obtain service and support for the Computer System. No contract limits the frequency or cost of this obligation. While we cannot estimate the future costs of the Computer System or required service or support at this time, you must incur any costs associated obtaining, updating, adding to, or modifying the Computer System and required service or support. You must obtain Computer System components that we designate and ensure that your Computer System functions properly within 30 days after we deliver notice to you.

You will use the Computer System to operate the Shop's point-of-sale system and back-of-house functions like customer order entry and processing, payment processing, dispatching, financial management, subscription management, delivery management, labor scheduling, and loyalty program management. It will cost approximately $2,000 to $5,000 to acquire the Computer System hardware and obtain initial licenses for the required software for the Shop. These costs may vary depending on the number of terminals the Shop needs. You currently must pay approximately $3,000 per year for required hardware, software, and printer support contracts with third parties. The software license fee covers costs related to the ongoing maintenance and enhancement of our affiliate's proprietary software. Our affiliate's proprietary software includes order entry, order processing, and payment processing capabilities, along with back-office management systems. We also require you to pay us a Technology and Software License Fee in an amount of $1,225 per month. We may increase the Technology and Software License Fee up to 10% annually. The Technology and Software License Fee is payable to us for various technology products or services that we (or our affiliate) provide or arrange for third parties to provide to you (which products or services may change over time), including creating email addresses for you and your staff and providing database and cloud resources to you. Otherwise, neither we, our affiliate, or any third party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. We estimate the cost of other optional maintenance, updating, upgrading or support contracts for the Computer System is $2,000 to $3,500.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us (including the System Website), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically specify to regulate your use of, and our (or our affiliate's) and your respective rights and responsibilities concerning, the software or technology. In addition to the Technology and Software License Fee, we and our affiliates may charge you up-front and ongoing fees for any required or recommended proprietary software or technology that we or our affiliates license to you in the future and for other Computer System maintenance and support services provided during the term of the Franchise Agreement.

We or our affiliate own all intellectual property and other rights in the information and data related to the Franchise System. We will have independent, unlimited access to all information and data in your Computer System, including continuous independent access to all contact information, financial information, ordering history and other personal information of or relating to the Shop's customers and prospective customers (see also Item 14) and accounting and bookkeeping files and records. Apart from your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. The Computer System permits 24 hours per day, 7 days per week electronic communications between you and us. (Franchise Agreement – Section 2.E.)

Training

Our training program that we provide to new franchisees after signing the Franchise Agreement and before opening the French Florist Shop includes our formal Initial Training Program and our on-site pre-opening training team. We also provide training to become a Certified Training Shop. Michael Jacobson, our founder and Chief Executive Officer since 2023, has experience in the floral industry since 2018 and manages the training program. Our instructors will generally have at least three (3) years of experience in the floral industry and in the relevant subject in which they provide training and instruction. The Operations Manual, our learning management system, and various forms and training guides serve as instructional materials.

Initial Training Program

Your Managing Owner and General Manager must attend the Initial Training Program and complete the program to our satisfaction before opening the Shop. If you or the Managing Owner has attended and completed the Initial Training Program to our satisfaction under an existing franchise agreement with us within the previous two (2) years, we typically will not require the Managing Owner to attend the Initial Training Program. Your Lead Designer must attend the Designer Training Program and complete the program to our satisfaction before opening the Shop. The Initial Training Program and Designer Training Program may include classroom training, instruction at designated facilities, hands-on training at an operating French Florist Shop, remote training (including via Internet access) and/or self-study programs. We do not charge any fees for these people to attend the Initial Training Program and the Designer Training Program, but you must pay for all travel, living and other expenses that you and your personnel incur during the program. If we decide that you or your personnel cannot complete the Initial Training Program or the Designer Training Program to our satisfaction, we may require you or your personnel to attend additional training programs at your expense and for which we may charge reasonable fees. You also may choose to send additional people to the Initial Training Program (subject to space availability) if you pay $500 per day per additional person.

We conduct the Initial Training Program and Designer Training Program virtually and at French Florist Shop locations that we periodically designate. We conduct the Initial Training Program and Designer Training Program as often as needed to train new franchisees and new Lead Designers. There is no set frequency for the program. The following table describes our current Initial Training Program and Designer Training Program:

TRAINING PROGRAM

Manager/Owner Initial Training

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Operations	50	0	Virtually and/or a French Florist Shop designated by us
Introduction	1	0	
Pre-Opening Procedures	2	0	
Brand Guidelines/Marketing and Advertising	1.25	0	
Staffing Your Store/ Vital Roles Overview	2	0	
Admin Overview and Usage	3.5	1	
Flower Buying	1.25	0	
Drivers and Dispatch	3	2	
Receiving and Processing Flowers	2	2	
Managing Your Shop	2	0	
Customer Service	5.75	2	
Coaching & Leadership	1	0	

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Total	**74.75**	**7**	

Designer Training

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Designer iPad	1	1	Virtually and/or a French Florist Shop designated by us
Designer CS	1.25	0	
Receiving & Processing Flowers, Waste Sheet	1.25	1.25	
Initial Assessment	2.5	0.5	
Staffing Your Store/ Vital Roles Overview	2	0	
Designer iPad (cont.)	1	1	
Making Arrangements	2	6.5	
Q&A	0.75	2.25	
Total	**11.75**	**10.25**	

The Initial Training Program may take place at Certified Training Shops in various locations. However, we currently expect the Initial Training Program to take place at one of our affiliate's French Florist Shops in Los Angeles, California.

Pre-Opening Training Team

If on the Shop's opening date the Shop is the first French Florist Shop that you and your affiliates then operate, we will send a training team for up to 3 days, within 30 days of the opening date, to assist with training on brand standard issues. We, in our sole judgement, will determine the individuals that comprise the training team. We do not charge any fees for the pre-opening training team but you must reimburse us for the training team's travel, living, and other expenses. The trainer(s) will generally train the Shop staff in various aspects of day-to-day operations. There are no specific subjects or durations of the training that the pre-opening training team provides. Shop staff need not complete specific tasks to our satisfaction.

Certified Training Shop

If we so require you must complete (or have your affiliate complete) to our satisfaction the necessary brand standards training, attain the minimum benchmarks, and complete the other tasks that we then specify in order for us to designate one of your (or your affiliate's) French Florist Shops as a "**Certified Training Shop**," and the General Manager or another of your or your affiliate's employees of the Certified Training Shop whom you choose as the "**Certified Training**

Manager." There are no specific subjects or durations of training to attain Certified Training Shop and Certified Training Manager status. The training is typically conducted at another certified training shop near the Shop. We do not charge any separate fees for this training. Once you (or your affiliate) have attained these certifications, if the Certified Training Shop loses that certification or otherwise fails to meet our minimum benchmarks to retain that certification, or if the Certified Training Manager's employment at the Certified Training Shop ends or the Certified Training Manager otherwise loses that certification, then within 60 days, you must complete (or cause your affiliate to complete) the tasks necessary to once again have one of your or your affiliate's French Florist Shops designated as a Certified Training Shop and for one of that Shop's personnel to be designated as the Certified Training Manager. The Certified Training Manager and the General Manager are responsible for properly training all other personnel at your (and, if applicable, your affiliates') French Florist Shops.

Ongoing Training

During the Franchise Agreement's term, we may require you and/or your personnel, including your Managing Owner, General Manager and Lead Designer, to attend and satisfactorily complete various training courses and programs and evaluation programs, including online training, that we choose to provide periodically at the times and locations we designate. Your personnel whom we periodically specify also must attend any conventions or other programs that we periodically specify for some or all French Florist Shops. We may charge reasonable fees for these training courses, programs and conventions. We currently have no planned ongoing or optional training programs. If you request and we agree to provide additional or special guidance, assistance, or training, you must pay us then applicable charges, including per diem charges and any travel and living expenses for our personnel. Any specific ongoing training, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Sections 4.A. to 4.E.)

Item 12

TERRITORY

Franchise Agreement

If you have not located an accepted Site as of the Franchise Agreement's effective date, then within five (5) months after the Franchise Agreement's effective date, you must sign a lease for a site that we have accepted within the non-exclusive "**Site Selection Area**" identified in a schedule to the Franchise Agreement. You will not have any territorial or other rights in the Site Selection Area. We may establish and operate, or grant rights to others to establish and operate, French Florist Shops within or outside the Site Selection Area.

The Shop must be located at a site that we have accepted. After we accept the Site, we will define your "**Territory**" in a schedule to the Franchise Agreement. We typically determine Territories using zip codes, but we may use other boundaries such as Designated Market Areas (DMAs), city, county, or state limits, or other political or geographic boundaries. Your Territory will have approximately 300,000 persons of population. The exact size and definition of your

Territory will depend on various market characteristics such as demographics, traffic flow, boundaries (both man-made and natural), location of competing businesses, neighborhoods covered and population density.

If you are complying with the Franchise Agreement, you will receive an exclusive territory and neither we nor our affiliates will operate, or authorize any other party to operate, a French Florist Shop, the physical premises of which are located within your Territory.

We and our affiliates retain the right to pursue business opportunities and activities we or they deem appropriate that the Franchise Agreement does not expressly prohibit. This includes:

(a) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions we deem appropriate, French Florist Shops at any locations outside the Territory;

(b) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions we deem appropriate, florist shops or any similar or dissimilar businesses that either are not primarily identified by the Marks or do not use the Franchise System at any locations, whether within or outside the Territory;

(c) all rights relating to the Marks, and all products and services associated with any of the Marks, in any methods of distribution, except as specifically set forth above. This includes providing, and granting rights to others to provide (except as specifically set forth above), products and services to customers and other third parties that are similar or dissimilar to, or competitive with, any products and services that French Florist Shops provide, whether identified by the Marks or other trademarks or service marks, regardless of the method of distribution (including through the System Website, other retail outlets, and shipping and delivery), and at any locations; and

(d) acquiring the assets or ownership interests of, or being acquired (regardless of the form of transaction) by, one or more businesses providing products and services similar or dissimilar to those provided at French Florist Shops, and franchising, licensing or creating other arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory.

We may restrict your soliciting and accepting customers from outside your Territory or otherwise competing with other French Florist Shops which are now, or in the future may be, located outside your Territory. We will determine, and may periodically modify, the geographic area within which you will offer Event Service and Delivery Service, but you will not receive any exclusive, protected or other territorial rights for events or deliveries in that geographic area. You must ensure your customers receive high quality products prepared and maintained according to the System Standards. Except for providing Event Services and/or Delivery Services, you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to make sales (as opposed to advertising and marketing). We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to solicit and make sales to customers in your Territory using the Marks and other trademarks without compensating you.

Under the Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises within your Territory or contiguous territories. Continuation of your territorial rights for each zip code within the Territory is dependent upon achieving at least $10,000 in Net Sales per year in that zip code. If you do not achieve this required sales volume in a particular zip code in a given year, we may reduce or remove the territorial protections granted to you by the Franchise Agreement for such zip code and otherwise operate or license to others the right to operate a French Florist Shop and/or to provide Event Services and/or Delivery Services and/or similar products and services within that zip code. Upon the occurrence of any event that allows us to terminate your Franchise Agreement, in addition to our other rights, we may eliminate your rights, and our (and our affiliates') obligations, in your Territory, after which we may operate, and authorize other parties to operate, a French Florist Shop within the Territory. Otherwise, we may not alter your Territory or modify your territorial rights before your Franchise Agreement expires or is terminated, although we may do so for a successor franchise. Neither we nor our affiliates operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those that French Florist Shops offer, although we and they have the right to do so.

If your lease expires or is terminated without your fault, or if the Shop is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Shop to a new site acceptable to us. You will relocate at your expense and must comply with the Franchise Agreement's provisions relating to development of the new location and de-identification of the old location. You must reimburse us for our reasonable costs incurred in the relocation.

Development Rights Agreement

If we and you sign a Development Rights Agreement, we and you will identify the Development Area within which you and your Controlled Affiliates will develop French Florist Shops in a schedule to the Development Rights Agreement before signing it. We typically determine development areas using zip codes, but we may use other boundaries such as Designated Market Areas (DMAs), city, county, or state limits, or other political or geographic boundaries. The Development Area's size will vary depending on the number of French Florist Shops in the Development Schedule. We expect the minimum size for a Development Area to be equivalent to at least 2 franchise territories.

We and you will agree on the number of French Florist Shops that you or your Controlled Affiliates must open, and the dates by which you and they must open them, to keep your territorial rights and insert this information in the Development Rights Agreement before signing it. Franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You and your Controlled Affiliates may not develop French Florist Shops outside the Development Area.

If you are complying with the Development Rights Agreement, and you and your affiliates are complying with all Franchise Agreements and other agreements between us (or our affiliate) and you (or your affiliates), then, during the Development Rights Agreement's term only, you will receive an exclusive territory, and neither we nor our affiliates will operate, or authorize any other party to operate, French Florist Shops the physical premises of which are located within the Development Area. We and our affiliates may at all times engage in any activities we or they deem appropriate that the Development Rights Agreement does not expressly prohibit, whenever and wherever we or they desire, including those rights listed in (a) through (d) above.

To maintain your rights under the Development Rights Agreement, for each French Florist Shop, you must sign a Franchise Agreement and open and begin operating that Shop according to the applicable Franchise Agreement on or before the deadlines listed in the Development Schedule. The site for each French Florist Shop must meet our then current site selection standards. If you need a 30-day extension, you must submit a written request and a $2,500 extension fee to us before the applicable deadline. If you fail to meet the Development Schedule, we may terminate the Development Rights Agreement. In addition, to retain your rights under the Development Rights Agreement, each French Florist Shop it covers must operate continuously during the agreement's term, otherwise we may terminate the Development Rights Agreement.

Upon the occurrence of any event that allows us to terminate your Development Rights Agreement, in addition to our other rights, we may:

(1) temporarily suspend or permanently terminate your right to develop new French Florist Shops in any geographic area that is part of the Development Area. If that occurs (i) your territorial rights and the territorial restrictions on us and our affiliates will no longer apply in that geographic area, and (ii) we (and our affiliates) may operate, and authorize any other parties to operate, French Florist Shops the physical premises of which are located within that geographic area and engage, and allow others to engage, in any other activities we desire within that geographic area without any restrictions, subject only to your (or your Controlled Affiliate's) rights under then existing franchise agreements; and/or

(2) reduce the number of remaining French Florist Shops to be developed under the Development Schedule, and if that happens you must comply with the reduced Development Schedule that we provide in our written notice. Upon our exercise of these rights, we need not refund any portion of the development fee paid relating to the French Florist Shops that you are no longer permitted or required to develop, nor apply any of that portion of the development fee towards the initial franchise fee payable under franchise agreements that you (or your Controlled Affiliate) signs after that.

Except for these situations, we may not alter your Development Area or modify your territorial rights in the Development Area. You have no other options, rights of first refusal or similar rights to acquire additional franchises. When the Development Rights Agreement terminates or expires, we (and our affiliates) may operate, and authorize any other parties to operate, French Florist Shops the physical premises of which are located within the Development Area and engage, and allow others to engage, in any other activities we desire within and outside the Development Area without any restrictions, subject only to your (or your Controlled Affiliates') rights under existing franchise agreements with us.

Item 13

TRADEMARKS

We grant you the non-exclusive right under the Franchise Agreement to use and display the Marks in operating, marketing, and advertising the Shop. Our parent, French Florist Holdings Co., owns the following principal Marks, which are registered on the Principal Register of the United States Patent and Trademark Office (the "**USPTO**"):

Mark	Registration Number	Registration Date
FRENCH FLORIST	5057523	October 11, 2016
	7253476	December 26, 2023
YOU ARE LOVED	8183315	March 24, 2026

All required affidavits and renewals currently due have been filed for these registrations.

French Florist Holdings Co. ("**Licensor**") has licensed us the right to use the Marks and to sublicense the use of the Marks to you and other franchisees for the operation of French Florist Shops under a license agreement dated December 15, 2023 (the "**Trademark License Agreement**"). The Trademark License Agreement's term is perpetual, unless earlier terminated. We or Licensor may terminate the Trademark License Agreement on 60 days' notice. Licensor may also terminate the Trademark License Agreement immediately if: (a) we materially breach the Trademark License Agreement and fail to cure the breach within 15 days after receiving written notice from Licensor; or (b) we become insolvent or are involved in similar bankruptcy-related events. If the Trademark License Agreement terminates, we must stop using and sublicensing the Marks. However, any French Florist Shop franchisee that has been authorized to use the Marks in its franchise may continue using the Marks until that franchisee's Franchise Agreement, and any permitted successor Franchise Agreement, expires or is terminated, but only if the franchisee continues to comply with its obligations in the Franchise Agreement and any permitted successor Franchise Agreement during their remaining terms. The Trademark License Agreement contains no other limitations. No other agreement limits our rights to use or sublicense the Marks in a manner material to the franchise.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

You must follow our rules and System Standards when using the Marks. You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark. You may not communicate with any person other than us, our attorneys, Licensor and its attorneys, and your attorneys, regarding any infringement, challenge or claim. We or Licensor may take the action that we or it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding or other proceeding relating to any infringement, challenge or claim or otherwise concerning any Mark. You must sign any documents and take any reasonable actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our and Licensor's interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our and Licensor's interests in the Marks. At our option, we or Licensor may defend and control the defense of any litigation or proceeding relating to any Mark.

We will reimburse you for all damages and expenses you incur or for which you are liable in any proceeding challenging your right to use any Mark, but only if your use is consistent with the Franchise Agreement, the Operations Manual and System Standards and you have timely notified us of, and comply with our directions in responding to, the proceeding.

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Shop's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

The Development Rights Agreement does not grant you any rights to use the Marks. You derive the right to use the Marks only under a franchise agreement.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We claim copyrights in the Operations Manual, advertising, our website and all content and images that appear on our website, training and promotional materials, and similar items used in operating the Shop. We have not registered these copyrights with the U.S. Copyright Office but need not do so at this time to protect them. You may use these materials only as we specify while operating the Shop and must modify or discontinue using them as we direct.

There currently are no effective determinations of the USPTO, United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our right to use or license the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your using the copyrighted materials. We need not protect or defend copyrights or take any action if notified of infringement, and you have no obligation to notify us of any infringement. We may take the action we deem appropriate (including no action) and exclusively control any proceeding involving the copyrights. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or claims arising from your use of copyrighted items.

We will disclose certain Confidential Information to you during the Franchise Agreement's term. "**Confidential Information**" includes development plans and site selection criteria for French Florist Shops; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating French Florist Shops, including flower arrangement design and techniques; marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for French Florist Shops; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets and other products that French Florist Shops use and/or sell; knowledge of the operating results and financial performance of French Florist Shops other than the Shop; training materials and videos; the Computer System; customer communication and retention programs, along with data used or generated in connection with those programs, including Customer Data; and any other information we reasonably designate as confidential or proprietary. However, Confidential Information does not include information, knowledge or know-how that is or becomes generally known in the floral industry (without violating an obligation to us or our affiliate) or that you knew from previous business experience before we provided it to you or before you began training or operating the Shop. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that this exclusion is fulfilled.

The Confidential Information is proprietary and includes our trade secrets. You and your owners (a) may not use any Confidential Information in any other business or capacity, whether during or after the Franchise Agreement's term; (b) must keep the Confidential Information absolutely confidential, both during the Franchise Agreement's term and after for as long as the information is not in the public domain; (c) may not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form; (d) must adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Shop personnel and others needing to know the Confidential Information to operate the Shop, and using confidentiality agreements with those having access to Confidential Information. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights; and (e) may not sell, trade or otherwise profit in any way from the Confidential Information, except during the Franchise Agreement's term using methods we approve. If you own a Conversion Franchise, you are also required to comply with the confidentiality provisions. All information regarding your customers before you sign the Franchise Agreement will be considered confidential information.

You must comply with our System Standards, other directions from us, prevailing industry standards (including payment card industry data security standards), all contracts to which you are a party or otherwise bound, and all applicable laws and regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Data on your Computer System or in your possession or control. You also must employ reasonable means to safeguard the confidentiality and security of Customer Data. "**Customer Data**" means names, contact information, financial information, ordering history and other personal information of or relating to the Shop's customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Data ("**Data Security Incident**"), you must notify us immediately after becoming aware of it and specify the extent to which Customer Data was compromised or disclosed. You must comply with our instructions in responding to any Data Security Incident. We have the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at your expense.

To the extent permissible by law, we own all intellectual property and other rights to Customer Data. We and our affiliates may, through the Computer System or other means, have access to Customer Data. During and after the Franchise Agreement's term, we and our affiliates may make all disclosures and use the Customer Data in our and their business activities and in any manner that we or they deem necessary or appropriate. You must secure from your vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to us and our affiliates and for us and our affiliates to use that Customer Data in the manner that the Franchise Agreement contemplates.

You must promptly disclose to us all ideas, concepts, techniques or materials relating to a French Florist Shop that you or your owners, employees or contractors create (collectively, "**Innovations**"). Innovations are our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you assign ownership of that Innovation, and all related rights to that Innovation, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person for any Innovations. You may not use any Innovation in operating the Shop or in any other way without our prior approval.

The Development Rights Agreement does not grant you any right to use our copyrighted materials or Confidential Information. You derive the right to use these items only under a franchise agreement with us.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

Only you and your approved personnel are authorized to operate the Shop. You must operate the Shop for the Franchise Agreement's entire term and at all times faithfully, honestly and diligently perform your obligations and fully exploit the rights granted under the Franchise Agreement.

If you are an entity, an individual whom we approve (the "**Managing Owner**") must at all times during the term of the Franchise Agreement: (a) own more than 50% of the ownership interests in you; (b) have the authority under your governing documents to authorize a merger, liquidation, dissolution or transfer of substantially all of your assets and otherwise direct and control your management and policies without the vote or consent of any other person or entity; and (c) devote sufficient time and attention to the operation, promotion and enhancement of your business. The Franchise Agreement does not require the Managing Owner to participate personally in the direct, on-premises operation of the Shop, but we recommend that he or she do so.

You must also designate an individual as your General Manager. The "**General Manager**" whom we approve will serve as the Shop's general manager and devote all of his or her business time and attention to the on-premises management and operation of the Shop. The General Manager need not have any ownership interest in the Shop or in you, but must have the authority over all day-to-day business decisions for you and the Shop. If the General Manager fails to serve in this capacity, you must designate a replacement, whom we approve, and ensure that he or she satisfactorily completes the training that we then require, within 60 days. The Managing Owner may serve as the General Manager, subject to our prior approval.

You must also designate an individual whom we approve as the Shop's lead product designer (the "**Lead Designer**"). The Lead Designer must devote sufficient business time and attention to the design of flower arrangements, plant products, and similar products and services. The Lead Designer need not have any ownership interest in the Shop or in you. If the Lead Designer fails to serve in this capacity, you must designate a replacement, whom we approve, and ensure that he or she satisfactorily completes the training that we then require, within 60 days. The Managing Owner or General Manager may serve as the Lead Designer, subject to our prior approval.

The Managing Owner, Lead Designer and General Manager must complete the Initial Training Program to our satisfaction.

The Managing Owner and each owner who owns more than 10% of the ownership interests in you must sign a guaranty promising to be personally bound, jointly and severally, by all of the Franchise Agreement's provisions and any ancillary agreements between you and us. The General Manager, the Lead Designer, and each owner who owns 10% or less of the ownership interests in you must sign a key personnel agreement promising to be bound, jointly and severally, by the confidentiality, non-compete and transfer restrictions in the Franchise Agreement. We do not require owners' spouses to sign guaranties.

The General Manager and all of the Shop's employees having access to Confidential Information must sign agreements in a form we reasonably specify under which they agree to comply with the confidentiality restrictions in the Franchise Agreement.

Development Rights Agreement

You must develop your Development Area according to the Development Schedule. We recommend that you (or, if you are an entity, your owners) personally supervise your development of French Florist Shops. Under the Development Rights Agreement, your personnel need not have an equity interest in any French Florist Shop or in you. Personnel need not attend our training program. If you are an entity, your owners need not sign any personal guarantees of your obligations under the Development Rights Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Shop must offer all products and services that we periodically specify as being mandatory. You may not offer, sell, or provide at the Shop, the Site or any other location any products or services that we have not authorized. You must discontinue offering, selling or providing any products or services that we, at any time, disapprove in writing. You may not sell any products at wholesale without our written consent nor offer products or services from any location other than the Site (except for authorized Event Service and Delivery Service, and as otherwise required or approved by us). You must provide the Shop's approved products and services by alternative means, such as through Delivery Service and/or Event Service, according to the System Standards, as we may periodically require. We may periodically change the types of goods and other authorized services and products for the Shop and there are no limits on our right to make changes.

You must provide, at our option, Event Service from the Shop according to System Standards and the Franchise Agreement. You must also provide, and/or contract with one or more third parties whom we designate or approve (which may include or be limited to us or our affiliates) to provide, Delivery Service from the Shop according to System Standards and the Franchise Agreement.

You may not establish another outlet or property (other than the Site) for use in connection with Event Service or Delivery Service without our prior written consent. We will determine, and may periodically modify, the geographic area within which you will offer Event Service and/or Delivery Service, but you will not receive any exclusive, protected or other territorial rights for deliveries in that geographic area. You must ensure your customers receive high quality products prepared and maintained according to the System Standards. You and third-party providers must maintain the condition, appearance, and maintenance of the vehicles and equipment used for Event Service and Delivery Service according to System Standards. If you or your affiliates directly provide Event Service and/or Delivery Service, you must ensure that all delivery drivers comply with applicable laws and maintain adequate motor vehicle insurance according to our specifications, which we may change periodically. If you do not comply with these requirements for Event Service or Delivery Service, including any System Standard, then in addition to our other rights, we may temporarily suspend or permanently terminate your right to provide Event Service and/or Delivery Service or temporarily or permanently restrict the geographic area within which you may provide Event Service and/or Delivery Service.

Our System Standards may regulate, and periodically specify, maximum, minimum, or other pricing requirements for products and services that the Shop offers, including requirements for promotions, special offers and discounts in which some or all French Florist Shops participate, to the maximum extent the law allows; requirements for vehicles, training, qualifications, conduct and appearance of personnel, product packaging, format and use of materials and supplies, shipping and delivery methods, and other aspects of providing Event Service and Delivery Service, including restrictions on providing these services to customers with whom we have an established business relationship; and issuing and honoring gift certificates, gift cards, stored value cards and similar items and participating in other promotions, including any customer loyalty programs and promotions and procedures for resolving customer complaints.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in franchise or other agreement	Summary
a.	Length of the franchise term	1.B and 14.C of Franchise Agreement and 11 of Development Rights Agreement	Franchise Agreement expires ten (10) years after the Franchise Agreement's effective date. If you continue operating after expiration, we may treat the term as extended on a week-to-week basis until either we or you deliver notice ending that extension. Development Rights Agreement expires when the final franchise agreement under the Development Schedule is signed.
b.	Renewal or extension of the term	14.A of Franchise Agreement	Under the Franchise Agreement you may acquire up to four (4) successive renewal terms of five (5) years each if you have complied with your obligations under the Franchise Agreement and other agreements, you provide written notice, you demonstrate the right to maintain possession of the Site for at least five (5) years following expiration, pay the relevant successor franchise fee, and you have renovated and/or remodeled the Shop to meet then current requirements for new similarly situated French Florist Shops. Under the Development Rights Agreement, you may not extend or renew the term.
c.	Requirements for franchisee to renew or extend	14.A of Franchise Agreement	"Renewal" means that, upon the expiration of the original term of the franchise agreement, you have the right to enter into a new agreement with us for a successor term according to our then-current franchise agreement forms and conditions. Under the Franchise Agreement, upon renewal, you must sign our then current form of franchise agreement (which may be materially different from the terms and conditions from the original Franchise Agreement), pay us the then-current successor franchise fee, currently $10,000 and sign release (to the extent state law allows).
d.	Termination by franchisee	15.A of Franchise Agreement	You may terminate the Franchise Agreement if we materially breach and fail to cure within 30 days after notice or, if we cannot reasonably correct the breach in 30 days, then if we do not cure within a reasonable time. You have no right to terminate the Development Rights Agreement except as applicable law allows.

	Provision	Section in franchise or other agreement	Summary
e.	Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement or Development Rights Agreement without cause.
f.	Termination by franchisor with cause	15.B-C of Franchise Agreement and 12 and 13 of Development Rights Agreement	We may terminate the Franchise Agreement and Development Rights Agreement if you or your owners commit any one of several violations, including your failure to comply with the Development Schedule. We may exercise a list of alternative remedies instead of terminating the Franchise Agreement and/or Development Rights Agreement.
g.	"Cause" defined – curable defaults	15.B of Franchise Agreement	We may terminate this Agreement if you fail to comply with the Agreement or our System Standards, including failure to maintain required customer satisfaction standards (currently, a minimum average rating of 4.4 stars on your Google Business Profile or any successor platform we designate), and fail to cure within the applicable notice period. Under the Franchise Agreement you have 72 hours to fully cure violations of law, 10 days to cure payment defaults and 30 days to cure other defaults not listed in (h) below. There are no curable defaults under the Development Rights Agreement.
h.	"Cause" defined – non-curable defaults	15.B of Franchise Agreement and 12 of Development Rights Agreement	Non-curable defaults under the Franchise Agreement include material misrepresentation or omission, failure to satisfactorily complete training, failure to sign lease or open Shop on time, abandonment or failure to actively operate, surrender or transfer of your or Shop's control, conviction of or pleading no contest to felony, any dishonest, unethical or illegal conduct that adversely impacts reputation or goodwill, failure to maintain insurance, interference with our rights to inspect Shop or audit books and records, unauthorized transfer, termination of another agreement between you and us (excluding the termination of the Development Rights Agreement), violation of non-compete or confidentiality restrictions, failure to pay taxes, suppliers or lenders, repeated defaults and bankruptcy-related events. We may not terminate the Franchise Agreement upon termination of the Development Rights Agreement. Non-curable defaults under the Development Rights Agreement include material misrepresentation or omission, conviction of or pleading no contest to felony, any dishonest, unethical or illegal conduct that adversely impacts reputation or goodwill, failure to comply with the Development Schedule or other provision, and breach or default of any agreement (including a Franchise Agreement) with you or your affiliate. We may terminate the Development Rights Agreement upon termination of a Franchise Agreement.
i.	Franchisee's obligations on termination/ non-renewal	16 of Franchise Agreement	Pay amounts due (including liquidated damages), stop identifying as our franchisee or using Marks or similar marks, de-identify Shop, cease using Confidential Information, and return Operations Manual (see also (o) and (r) below).

	Provision	Section in franchise or other agreement	Summary
j.	Assignment of contract by franchisor	13.A of Franchise Agreement and 14 of Development Rights Agreement	We may assign agreements and change our ownership or form without restriction.
k.	"Transfer" by franchisee - defined	13.B of Franchise Agreement and 15(b) of Development Rights Agreement	Includes transfer of any interest in the Franchise Agreement or Development Rights Agreement, the Shop or its assets or your business, or any direct or indirect ownership interest in you if you are an entity, or which results in the transfer or creation of a controlling ownership interest in you.
l.	Franchisor approval of transfer by franchisee	13.B to 13.H of Franchise Agreement and 15(b) of Development Rights Agreement	No transfers under the Franchise Agreement or Development Rights Agreement without our approval. Under the Development Rights Agreement, we may grant or withhold our approval for any reason.
m.	Conditions for franchisor approval of transfer	13.B to 13.H of Franchise Agreement and 15(b) of Development Rights Agreement	Under the Franchise Agreement, conditions for non-control transfer are compliance with agreements, you provide notice and information to us at least 30 days before proposed transfer, sign general release (to the extent state law allows), transferee and its owners meet standards and have no ownership interest in or perform services for a competitive business, transferring owners agree not to use Marks or compete, you and owners agree to sign agreement and related documents to reflect new ownership structure, and you must pay a transfer fee of $2,500. Under the Franchise Agreement, conditions for control transfer are compliance with Franchise Agreement, you provide notice and information to us at least 30 days before proposed transfer, sign general release (to the extent state law allows), transferee and its owners meet standards and have no ownership interest in or perform services for a competitive business, transferring owners agree not to use Marks or compete, new personnel complete training, transferee or you repair and/or replace Operating Assets and upgrade Shop and Site under Franchise Agreement, transferee (at our option) either agrees to be bound by current Franchise Agreement and Development Rights Agreement or signs our then current form of agreement and related documents (which may contain different provisions), you pay transfer fee of $12,500 or $10,000 (depending on whether the transferee is an existing French Florist franchisee) for each Franchise Agreement and the Development Rights Agreement, price and payment terms do not adversely affect operation, and transferee subordinates obligations.
n.	Franchisor's right of first refusal to acquire franchisee's business	13.H of Franchise Agreement	We have the right to match offers under certain conditions.
o.	Franchisor's option to purchase franchisee's business	16.E of Franchise Agreement	We may purchase the Shop's assets when the Franchise Agreement expires or terminates and manage the Shop pending our purchase.

	Provision	Section in franchise or other agreement	Summary
p.	Death or disability of franchisee	13.F of Franchise Agreement	Must transfer to an approved transferee within six (6) months.
q.	Non-competition covenants during the term of the franchise	12 of Franchise Agreement and 10 of Development Rights Agreement	No owning interest in, providing services for, loaning or leasing to, or diverting Shop business or customers to a competitive business.
r.	Non-competition covenants after the franchise is terminated or expires	16.D of Franchise Agreement and 10 of Development Rights Agreement	For two (2) years, no owning interest in or providing services for a competitive business at the Site, within 30 miles of the Site, or within 30 miles of any other French Florist Shop.
s.	Modification of the agreement	18.K of Franchise Agreement and 16 of Development Rights Agreement	Modifications only by written agreement of the parties, but we may change the Operations Manual, System Standards and Franchise System.
t.	Integration/merger clause	18.M of Franchise Agreement and 16 of Development Rights Agreement	Only terms of the agreements are binding (subject to state law). Any representations or promises made outside of the disclosure document and those agreements may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the franchise disclosure document, its exhibits, and amendments.
u.	Dispute resolution by arbitration or mediation	18.F and 18.G of Franchise Agreement and 16 of Development Rights Agreement	We and you must mediate all disputes within 10 miles of our then current principal business address (currently Los Angeles, California) (subject to state law). All disputes that cannot be resolved through mediation must be submitted for arbitration within 10 miles of our then current principal business address (currently Los Angeles, California) (subject to state law).
v.	Choice of forum	18.I of Franchise Agreement and 16 of Development Rights Agreement	Subject to mediation and arbitration obligations, litigation is in the state and city of our then current principal business address (currently Los Angeles, California) (subject to applicable state law).
w.	Choice of law	18.H of Franchise Agreement and 16 of Development Rights Agreement	Except for Federal Arbitration Act and other federal law, California law applies to all claims (subject to applicable state law).

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following tables contain historical financial performance representations for certain time periods for the three French Florist® outlets owned and operated by our affiliate and for the two franchise-owned outlets that operated from January to December 2025. The tables do not include any information related to our 6 franchise-owned outlets that opened after January 2025. As of December 31, 2025, we had 8 franchise and 3 affiliate-owned French Florist Shops open and in operation. We excluded from this financial performance representation 6 franchised outlets that opened after January 1, 2025 because they were not open and operating for the full 2025 reporting period. As a result, their results are not included in the data presented below.

The financial performance representations in the tables below include:

(1) 2025 calendar year Net Sales (as defined below) and Total Operating Income (as defined below) for the Costa Mesa Shop owned and operated by our affiliate and a 2024 to 2025 comparison;

(2) 2025 calendar year Net Sales and Total Operating Income for the Westlake Village Shop owned and operated by our affiliate and a 2024 to 2025 comparison;

(3) Net Sales and Total Operating Income for the Los Angeles Shop owned and operated by our affiliate for the September 2021 to September 2022 conversion time period and 2025 calendar year Net Sales and Total Operating Income; and

(4) 2025 calendar year Net Sales and Total Operating Income for the North Scottsdale Shop owned and operated by our franchisee;

(5) 2025 calendar year Net Sales and Total Operating Income for the El Segundo Shop owned and operated by our franchisee;

(6) 2025 calendar year Order Value (defined below) for all 3 affiliate-owned and the 2 franchisee-owned French Florist Shops.

The affiliate-owned shop that operates in Costa Mesa, California has been open since May 2023 (the "**Costa Mesa Shop**"). The affiliate-owned shop that operates in Westlake Village, California has been open since June 21, 2022 (the "**Westlake Village Shop**"). The affiliate-owned shop that operates in Los Angeles, California has been open since 1978 and converted to the French Florist® system in October 2021 (the "**Los Angeles Shop**"). Our affiliate reported to us the below financial data for these shops. The franchise-owned shop that operates in North Scottsdale, Arizona has been open since November 2024 (the "**North Scottsdale Shop**"). The franchise-owned shop that operates in El Segundo, California has been open since January 2025 (the "**El Segundo Shop**"). Our franchisees reported to us the below financial data for these shops. There is no 2024 to 2025 comparison data for our franchisees because they have both been open for only one full year.

We do not expect franchise owners to achieve the same level of Cost of Goods Sold as our affiliate-owned outlets right away. Our affiliate has strong regional buying power in Southern California because of the existence of its three affiliate-owned shops and their volume. As a particular region develops more units and volume, we expect Cost of Goods Sold performance to improve. You may experience different cost structures, particularly in the early stages of operation. Other than the characteristics described in this Item 19, we do not reasonably anticipate material financial or operational differences between the Costa Mesa Shop or Westlake Village Shop and future operational franchise outlets. The Los Angeles Shop has been in operation for over 45 years, has an established client base, and has a larger site and delivery territory than a typical French Florist Shop. For that reason, its results may differ materially from the results of a new or converted franchise outlet. We include its data because it reflects the historical performance of an existing shop after conversion to the French Florist® system.

The following tables use these defined terms:

- "**Net Sales**" means all revenue received or otherwise derived during the reporting period from operating the outlet, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including (i) any implied or imputed Net Sales from any business interruption insurance; and (ii) all revenue from selling products intended for off-premises use and from providing Event Service and Delivery Service. However, "Net Sales" excludes (a) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (b) any bona fide refunds and credits that are actually provided to customers; and (c) the face value of coupons or discounts that customers redeem.

- "**Cost of Goods Sold**" refers to the direct costs associated with the products and services that the outlet sells. It excludes labor, indirect costs and other operating expenses.

- "**Total Operating Income**" means the outlet's Net Sales during the reporting period minus the outlet's key expenses during the reporting period expressed as a percentage, including: costs of labor, cost of goods sold, rent, marketing, imputed royalties and brand fund contributions, and other expenses.

- "**Order Value**" means the total dollar amount charged by the applicable French Florist Shop for each order fulfilled during the reporting period, including product charges and delivery charges, net of discounts, and excluding sales tax, refunds, credits, tips, and other amounts not retained by the Shop. The "**Average Order Value**" is determined by taking the sum of the Order Values for all orders fulfilled by the applicable French Florist Shop during the period and dividing by the total number of fulfilled orders during that period. The "**Median Order Value**" is determined by sorting the Order Values for all of the fulfilled orders during the reporting period in ascending order and identifying the point above and below which 50% of the data falls. Average Order Value and

Median Order Value exclude sales tax, refunds, credits, tips, and other amounts not retained by the Shop, and are calculated net of discounts based on fulfilled orders during the reporting period.

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PART 1: 2025 Net Sales and Total Operating Income for the Costa Mesa Shop

The table below describes the historical Net Sales and Total Operating Income for the Costa Mesa Shop owned and operated by our affiliate for the reporting period from January 1, 2025 to December 31, 2025

Table 1: 2025 Costa Mesa Shop

2025 Month	2025 Net Sales[1]
January	$155,675.08
February	$210,685.83
March	$167,304.27
April	$195,622.89
May	$265,574.87
June	$153,703.91
July	$172,027.89
August	$205,903.97
September	$198,598.68
October	$166,735.70
November	$154,215.58
December	$180,053.40
FULL 2025 YEAR	**$2,226,102.07**
Store Opening Date	May 2023
Estimated Territory Population	1,261,059
Net Sales Growth % Jan-Dec 2024 to Jan-Dec 2025[4]	36.71%
2025 Net Sales[1]	100.00%
Cost of Labor	26.46%
Cost of Goods Sold[1]	19.97%
Rent and Utilities	5.24%
Marketing	16.70%
Royalty Adjustment[2]	6.00%
Brand Fund Adjustment[2]	2.00%
Other Expenses[3]	4.20%
2025 TOTAL OPERATING INCOME[1]	19.43%

The Costa Mesa Shop opened in May 2023 and operates in a territory that has a population of approximately 1,261,059. This is roughly 4.25 times larger than the standard 300,000 population franchise territory.

(1) “Net Sales,” “Cost of Goods Sold,” and “Total Operating Income” are defined above.

(2) Our affiliate did not pay to us any Royalties or Brand Fund contributions. So, we made an adjustment to impute an amount equal to the 6% Royalty and the 2% Brand Fund contribution amounts that our franchisees are currently required to pay to us under the franchise agreement, as outlined in this disclosure document above. You will be expected

to pay the Royalty and Brand Fund contributions required in your franchise agreement.

(3) Other Expenses include: Bookkeeping, Technology and Software License Fees, Hotel/Lodging, Meals, Ground Transportation, Internet, Phones, Uniforms, Miscellaneous Reimbursements, Facility Repair/Maintenance, Office Supplies, Ads Management, Insurances, Delivery Vehicle Maintenance, Delivery Vehicle Fuel, Parking Fees & Tickets, Miscellaneous Professional Fees, Banking and Processing Fees, and Mileage Reimbursement.

(4) "Net Sales Growth %" compares the amount by which the Net Sales for the Costa Mesa Shop from January to December 2025 exceed the Net Sales for the Costa Mesa Shop from January to December 2024. The Costa Mesa Shop opened in May 2023.

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PART 2: 2025 Net Sales and Total Operating Income for the Westlake Village Shop

The table below describes the historical Net Sales[1] and Total Operating Income[2] for the Westlake Village Shop owned and operated by our affiliate for the reporting period from January 1, 2025 to December 31, 2025.

Table 2: 2025 Westlake Village Shop

2025 Month	2025 Net Sales[1]
January	$51,419.50
February	$111,679.50
March	$89,253.69
April	$106,135.84
May	$169,398.98
June	$90,045.21
July	$87,084.04
August	$102,055.39
September	$116,943.20
October	$104,476.61
November	$109,287.42
December	$107,950.97
FULL 2025 YEAR	**$1,245,730.35**
Store Opening Date	July 2022
Estimated Territory Population	435,134
Net Sales Growth % Jan-Dec 2024 to Jan-Dec 2025[4]	45.50%
2025 Net Sales[1]	100.00%
Cost of Labor	26.84%
Cost of Goods Sold[1]	21.41%
Rent and Utilities	4.43%
Marketing	15.18%
Royalty Adjustment[2]	6.00%
Brand Fund Adjustment[2]	2.00%
Other Expenses[3]	4.86%
2025 TOTAL OPERATING INCOME[1]	19.28%

The Westlake Village Shop opened in July 2022 and operates in a territory that has a population of approximately 435,134. This is roughly 1.5 times larger than the standard 300,000 population franchise territory.

(1) “Net Sales,” “Cost of Goods Sold,” and “Total Operating Income” are defined above.

(2) Our affiliate did not pay to us any Royalties or Brand Fund contributions. So, we made an adjustment to impute an amount equal to the 6% Royalty and the 2% Brand Fund contribution amounts that our franchisees are currently required to pay to us under the franchise agreement, as outlined in this disclosure document above. You will be expected to pay the Royalty and Brand Fund contributions required in your franchise agreement.

(3) Other Expenses include: Bookkeeping, Technology and Software License Fees, Hotel/Lodging, Meals, Ground Transportation, Internet, Phones, Uniforms, Miscellaneous Reimbursements, Facility Repair/Maintenance, Office Supplies, Ads Management, Insurances, Delivery Vehicle Maintenance, Delivery Vehicle Fuel, Parking Fees & Tickets, Miscellaneous Professional Fees, Banking and Processing Fees, and Mileage Reimbursement.

(4) “Net Sales Growth %” compares the amount by which the Net Sales for the Westlake Village Shop from January to December 2025 exceed the Net Sales for the same Westlake Village Shop from January to December 2024. The Westlake Village Shop opened in July 2022.

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PART 3: Conversion Event Store – Los Angeles Shop

The tables below describe the historical Net Sales[1] and Total Operating Income[1] for the Los Angeles Shop owned and operated by our affiliate for two separate reporting periods: (1) before and after the outlet's conversion to the French Florist® system - September 1 2021 to September 30, 2022; and (2) January 1, 2025 to December 31, 2025.

Table 3A: Conversion Event – Los Angeles Shop
September 2021 to September 2022

Month	Net Sales[1]
September 2021	$390,247.11
October 2021*	$302,028.64
November 2021	$493,435.31
December 2021	$573,788.30
January 2022	$650,929.96
February 2022	$900,755.07
March 2022	$716,258.33
April 2022	$772,472.82
May 2022	$984,243.18
June 2022	$709,151.55
July 2022	$644,229.12
August 2022	$732,892.92
September 2022	$848,612.56
Store Opening Date	1978
*Conversion Date	October 21, 2021
Estimated Territory Population	6,792,270

The Los Angeles Shop opened in 1978 and converted to the French Florist® system on October 21, 2021. It operates in a territory that has a population of approximately 6,792,270. This is roughly 22.75 times larger than the standard 300,000 population franchise territory.

Table 3B: Los Angeles Shop – 2025 Net Sales and Total Operating Income

2025 Month	2025 Net Sales[1]
January	$516,510.78
February	$740,045.43
March	$569,413.33
April	$614,793.38
May	$836,005.29
June	$482,997.33
July	$493,770.46
August	$529,787.88
September	$645,218.25
October	$611,304.11
November	$584,563.74
December	$603,691.81
FULL 2025 YEAR	**$7,228,101.79**

2025 Net Sales[1]	100.00%
Cost of Labor	27.30%
Cost of Goods Sold[1]	23.80%
Rent and Utilities	2.22%
Marketing	15.11%
Royalty Adjustment[2]	6.00%
Brand Fund Adjustment[2]	2.00%
Other Expenses	4.72%
2025 TOTAL OPERATING INCOME[1]	18.85%

(1) "Net Sales," "Cost of Goods Sold," and "Total Operating Income" are defined above.

(2) Our affiliate did not pay to us any Royalties or Brand Fund contributions. So, we made an adjustment to impute an amount equal to the 6% Royalty and the 2% Brand Fund contribution amounts that our franchisees are currently required to pay to us under the franchise agreement, as outlined in this disclosure document above. You will be expected to pay the Royalty and Brand Fund contributions required in your franchise agreement.

(3) Other Expenses include: Bookkeeping, Technology and Software License Fees, Hotel/Lodging, Meals, Ground Transportation, Internet, Phones, Uniforms, Miscellaneous Reimbursements, Facility Repair/Maintenance, Office Supplies, Ads Management, Insurances, Delivery Vehicle Maintenance, Delivery Vehicle Fuel, Parking Fees & Tickets, Miscellaneous Professional Fees, Banking and Processing Fees, and Mileage Reimbursement.

PART 4: 2025 Net Sales and Total Operating Income for the North Scottsdale Shop

The table below describes the historical Net Sales and Total Operating Income for the North Scottsdale Shop owned and operated by our franchisee for the reporting period from January 1, 2025 to December 31, 2025

Table 4: 2025 North Scottsdale Shop

2025 Month	2025 Net Sales[1]
January	$68,349.65
February	$107,437.67
March	$72,757.24
April	$75,125.05
May	$107,635.33
June	$39,845.09
July	$46,104.75
August	$51,705.14
September	$72,357.09
October	$90,920.49
November	$100,404.54
December	$105,326.33
FULL 2025 YEAR	**$937,968.37**

Store Opening Date	November 2024
Estimated Territory Population	551,153*

2025 Net Sales[1]	100.00%
Cost of Labor	20.94%
Cost of Goods Sold[1]	37.91%
Rent and Utilities	7.18%
Marketing[2]	10.17%
Royalty	6.00%
Brand Fund	2.00%
Other Expenses[3]	8.95%
2025 TOTAL OPERATING INCOME[1]	6.85%

The North Scottsdale Shop opened in November 2024 and operates in a territory that has a population of approximately 551,153. This is roughly 1.84 times larger than the standard 300,000 population franchise territory. *The North Scottsdale location fulfilled some orders outside its assigned ZIP codes in areas designated as future territories the owner intended to purchase, which were not served by other franchise owners.

(1) "Net Sales," "Cost of Goods Sold," and "Total Operating Income" are defined above.

(2) This franchisee initially spent below the required local marketing level of 12% of Net Sales during their first year of operation. They subsequently increased their marketing investment and are now operating at or above the required threshold. You will be required to meet the Local Marketing Requirement described in Item 6.

(3) Other Expenses include: Bookkeeping, Technology and Software License Fees, Hotel/Lodging, Meals, Ground Transportation, Internet, Phones, Uniforms, Miscellaneous Reimbursements, Facility Repair/Maintenance, Office Supplies, Ads Management, Insurances, Delivery Vehicle Maintenance, Delivery Vehicle Fuel, Parking Fees & Tickets, Miscellaneous Professional Fees, Banking and Processing Fees, and Mileage Reimbursement.

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PART 5: 2025 Net Sales and Total Operating Income for the El Segundo Shop

The table below describes the historical Net Sales and Total Operating Income for the El Segundo Shop owned and operated by our franchisee for the reporting period from January 1, 2025 to December 31, 2025

Table 5 2025 El Segundo Shop

2025 Month	2025 Net Sales[1]
January	$40,135.60
February	$64,682.26
March	$42,651.31
April	$52,623.75
May	$88,809.99
June	$48,528.18
July	$56,305.32
August	$48,676.90
September	$62,681.97
October	$70,942.53
November	$54,219.32
December	$69,522.73
FULL 2025 YEAR	**$699,779.86**

Store Opening Date	January 2025
Estimated Territory Population	459,335

2025 Net Sales[1]	100.00%
Cost of Labor	29.51%
Cost of Goods Sold[1,2]	28.36%
Rent and Utilities	9.33%
Marketing[3]	10.85%
Royalty Adjustment[4]	6.00%
Brand Fund	2.00%
Other Expenses[5]	9.53%
2025 TOTAL OPERATING INCOME[1]	4.42%

The El Segundo Shop opened in January 2025 and operates in a territory that has a population of approximately 459,335. This is roughly 1.53 times larger than the standard 300,000 population franchise territory.

(1) “Net Sales,” “Cost of Goods Sold,” and “Total Operating Income” are defined above.

(2) This franchisee did not obtain the required walk-in cooler until July 2025. Cost of Goods was approximately 32.09% before cooler installation, and approximately 24.89% after cooler installation.

(3) This franchisee initially spent below the required local marketing level of 12% of Net Sales during their first year of operation. They subsequently increased their marketing investment and are now operating at or above the required threshold. You will be required to meet the Local Marketing Requirement described in Item 6.

(4) This franchisee paid Royalties at a discounted 4% rate in its first year operating as a promotion for our first conversion franchise. So, we made an adjustment in the table to impute an amount equal to the 6% Royalty amount that our franchisees are currently required to pay to us under the franchise agreement, as outlined in this disclosure document above. You will be expected to pay the Royalty amount required in your franchise agreement.

(5) Other Expenses include: Bookkeeping, Technology and Software License Fees, Hotel/Lodging, Meals, Ground Transportation, Internet, Phones, Uniforms, Miscellaneous Reimbursements, Facility Repair/Maintenance, Office Supplies, Ads Management, Insurances, Delivery Vehicle Maintenance, Delivery Vehicle Fuel, Parking Fees & Tickets, Miscellaneous Professional Fees, Banking and Processing Fees, and Mileage Reimbursement.

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PART 6: 2025 Order Value

The table below describes the historical Order Value for the three affiliate-owned and two franchise-owned French Florist Shops that operated for the reporting period from January 1, 2025 to December 31, 2025. **Table 6: Order Value**

	Costa Mesa Shop	Westlake Village Shop	Los Angeles Shop	North Scottsdale Shop	El Segundo Shop
Average Order Value	$170.69	$178.00	$168.69	$157.48	$142.23
Median Order Value	$144.42	$147.42	$144.42	$138.90	$128.90
# / % of Orders Meeting or Exceeding Average Order Value	4,506/35.78%	2,422/34.07%	15,837/38.06%	2,188/39.67%	1,730/37.98%
Highest Order Value	$10,190.00	$12,350.00	$10,600.00	$2,855.00	$4,520.00
Lowest Order Value	$4.00	$7.95	$7.95	$1.20	$0.50

Average Order Value and Median Order Value exclude sales tax, refunds, credits, tips, and other amounts not retained by the Shop, and are calculated net of discounts based on fulfilled orders during the reporting period.

Upon your reasonable request, we will provide written substantiation for these financial performance representations.

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

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Jacobson, 8658 W. Pico Boulevard, Los Angeles, California 90035, 310-659-7700, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2023 to 2025

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	2023	0	0	0
	2024	0	1	+1
	2025	1	8	+7
Company-Owned	2023	2	3	+1
	2024	3	3	0
	2025	3	3	0
Total Outlets	**2023**	**2**	**3**	**+1**
	2024	**3**	**4**	**+1**
	2025	**4**	**11**	**+7**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025

Column 1 States	Column 2 Year	Column 3 Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	**2023**	**0**
	2024	**0**
	2025	**0**

Table No. 3
Status of Franchised Outlets
For years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations -Other Reason	Column 9 Outlets at End of Year
Arizona	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	6	0	0	0	0	6
Indiana	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	**1**	**7**	**0**	**0**	**0**	**0**	**8**

Table No. 4
Status of Company-Owned Outlets
For years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
California	2023	2	1	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3
Totals	**2023**	**2**	**1**	**0**	**0**	**0**	**3**
	2024	**3**	**0**	**0**	**0**	**0**	**3**
	2025	**3**	**0**	**0**	**0**	**0**	**3**

* The Company-Owned Outlets are owned and operated by our affiliate.

Table No. 5
Projected Openings As Of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Arizona	1	1	0
California	6	6	0
Colorado	1	1	0
Florida	2	2	0
New Jersey	1	0	0
New York	1	1	0
Ohio	0	1	0
South Carolina	1	1	0
Texas	2	2	0
Washington	1	1	0
Totals	**16**	**16**	**0**

Exhibit E lists the names of our franchisees and their addresses and telephone numbers of their French Florist Shops as of December 31, 2025. Exhibit F lists the names, cities and states, and last known home or business telephone numbers of the franchisees who had an outlet terminated, transferred, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us, during the previous fiscal year or who have not communicated with us within 10 weeks of our then current disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed agreements with confidentiality clauses during the last three (3) years. There are no trademark-specific franchisee organizations associated with the French Florist Shop franchise network.

Item 21

FINANCIAL STATEMENTS

Exhibit G contains our audited financial statements as of December 31, 2023, 2024, and 2025. Our fiscal year end is December 31.

Item 22

CONTRACTS

The following agreements are exhibits to this disclosure document:

1. Franchise Agreement with Schedules – Exhibit B
2. Development Rights Agreement – Exhibit C
3. Current Form of Release – Exhibit H
4. Conversion Addendum – Exhibit I
5. Multi-State Addendum – Exhibit J
6. Confirmation of Additional Terms and Representations Addendum – Exhibit K

Item 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are the last pages of this disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Secretary of State
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Washington State Department of Financial Institutions
Securities Division
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

FRENCH FLORIST® SHOP

FRANCHISE AGREEMENT

____
Franchisee Name

____
____
____
Address of Shop

TABLE OF CONTENTS

SCHEDULES

FRENCH FLORIST® SHOP
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of ______________________________, 20__ (the "**Agreement Date**"), regardless of the date of the parties' signatures, between **FLORAL FRANCHISING, INC.**, a Delaware corporation with its principal business address at 8658 W. Pico Boulevard, Los Angeles, California 90035 ("**Franchisor**"), and the Franchisee as identified on the Data Sheet ("**Data Sheet**") attached as Schedule A ("**Franchisee**").

1. Preambles and Grant of Franchise Rights.

1.A. Preambles.

(1) Franchisor and its affiliates have developed a method of developing and operating florist shops featuring a variety of flower arrangements, plants, accessories, preserved roses, designer vases, and other products and services which are primarily identified by the Marks (defined below) and use the Franchise System (defined below) (collectively, "**French Florist Shops**").

(2) Franchisor and its predecessors, and its and their affiliates, have developed and Franchisor uses, promotes and sublicenses, and may in the future develop and license or sublicense, certain trademarks, service marks and other commercial symbols in operating French Florist Shops, all of which Franchisor may modify from time to time (collectively, the "**Marks**").

(3) Franchisor offers franchises to own and operate a French Florist Shop using Franchisor's business system, business formats, product preparation techniques and processes, methods, procedures, signs, designs, layouts, trade dress, standards, specifications and Marks, all of which Franchisor may improve, further develop and otherwise modify from time to time (collectively, the "**Franchise System**").

(4) Franchisee has applied for a franchise to own and operate a French Florist Shop, and Franchisor has approved Franchisee's application relying on all of Franchisee's representations, warranties and acknowledgments contained in Franchisee's franchise application and this Agreement.

1.B. Grant of Franchise and Term. Franchisee has applied for a franchise to own and operate a French Florist Shop at the location specified on Schedule A (the "**Site**"), which is located within the territory also described on Schedule A (the "**Territory**"). If the Site and Territory are not determined as of the Agreement Date, they will be determined in accordance with Sections 2.A., 2.B., and 2.C. Subject to the terms of this Agreement, Franchisor grants Franchisee the right and Franchisee assumes the obligation to develop and operate a French Florist Shop at the Site (the "**Shop**"), and to use the Franchise System in its operation, for a term beginning on the Agreement Date and ending on the date which is ten (10) years after the Agreement Date, unless sooner terminated (the "**Term**"). Franchisor may amend Schedule A after the date hereof to include the Site and the date upon which the Shop first opens for business (the "**Opening Date**").

1.C. Best Efforts. Only Franchisee is authorized to operate the Shop. Franchisee must operate the Shop for the entire Term and at all times faithfully, honestly and diligently perform its obligations and fully exploit the rights granted under this Agreement.

1.D. Business Entity Franchisee. If Franchisee is at any time a corporation, a limited liability company, a general, limited, or limited liability partnership, or another form of business entity (collectively, an "**Entity**"), Franchisee agrees and represents that:

(1) Franchisee's organizational documents, operating agreement, and/or partnership agreement (as applicable) will recite that this Agreement restricts the issuance and transfer of any Ownership Interests (defined below) in Franchisee, and all certificates and other documents representing Ownership Interests in Franchisee will bear a legend referring to this Agreement's restrictions. In this Agreement, "**Ownership Interests**" means (a) in relation to a corporation, shares of capital stock (whether common stock, preferred stock or any other designation) or other equity interests; (b) in relation to a limited liability company, membership interests or other equity interests; (c) in relation to a partnership, a general or limited partnership interest; (d) in relation to a trust, a beneficial interest in the trust; and (e) in relation to any Entity (including those described in (a) through (d) above), any other interest in that Entity or its business that allows the holder of that interest (whether directly or indirectly) to direct or control the direction of the management of the Entity or its business (including a managing partner interest in a partnership, a manager or managing member interest in a limited liability company, and a trustee of a trust), or to share in the revenue, profits or losses of, or any capital appreciation relating to, the Shop, that Entity or its business.

(2) Schedule B to this Agreement completely and accurately describes all of Franchisee's Owners (defined below) and their Ownership Interests in Franchisee. In this Agreement, "**Owner**" means any individual or Entity holding a direct or indirect Ownership Interest (whether of record, beneficially, or otherwise) in Franchisee. The Managing Owner (defined below) and each Owner (if any) who owns (directly or indirectly) more than ten percent (10%) of the Ownership Interests in Franchisee at any time during the Term must sign an agreement in the form Franchisor designates undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor (a "**Guaranty**"), the current version of which is Schedule C to this Agreement. The General Manager (defined below), the Lead Designer (defined below), and any Owner who does not sign a Guaranty must sign an agreement in the form Franchisor designates undertaking personally to be bound, jointly and severally, by the confidentiality, non-compete and transfer restrictions in this Agreement (a "**Key Personnel Agreement**"), the current version of which is Schedule D to this Agreement. Subject to Franchisor's rights and Franchisee's obligations under Section 13, Franchisee and its Owners agree to sign and deliver to Franchisor revised Schedule B to reflect any changes in the information that Schedule B now contains.

(3) an individual whom Franchisor approves (the "**Managing Owner**") must at all times during the Term: (a) own (directly or indirectly) more than fifty percent (50%) of the Ownership Interests in Franchisee; (b) have the authority under Franchisee's

governing documents to authorize a merger, liquidation, dissolution or transfer of substantially all of the assets of Franchisee and otherwise to direct and control Franchisee's management and policies without the vote or consent of any other person or Entity; and (c) devote sufficient time and attention to the promotion and operation of the Shop. The Managing Owner as of the Agreement Date is listed on Schedule B.

(4) Franchisee shall designate an individual whom Franchisor approves to serve as the Shop's general manager (the "**General Manager**"), who will devote all of his or her business time and attention to the on-premises management and operation of the Shop. The General Manager need not have any direct or indirect Ownership Interest in Franchisee but must have the authority over all day-to-day business decisions for Franchisee and the Shop. The General Manager as of the Agreement Date is listed on Schedule B. If the General Manager no longer serves in that capacity for any reason, then Franchisee must designate a replacement General Manager whom Franchisor approves, and ensure that such new General Manager satisfactorily completes the training that Franchisor then requires, within thirty (30) days after cessation of the prior General Manager's employment. For the avoidance of doubt, the Managing Owner may serve as the General Manager, subject to Franchisor's prior approval.

(5) Franchisee shall designate an individual whom Franchisor approves to serve as the Shop's lead product designer (the "**Lead Designer**"), who must devote sufficient business time and attention to the design of flower arrangements, plant products, and similar products and services. The Lead Designer need not have any direct or indirect Ownership Interest in Franchisee. The Lead Designer as of the Agreement Date is listed on Schedule B. If the Lead Designer no longer serves in that capacity for any reason, then Franchisee must designate a replacement Lead Designer whom Franchisor approves, and ensure that such new Lead Designer satisfactorily completes the training that Franchisor then requires, within thirty (30) days after cessation of the prior Lead Designer's employment. For the avoidance of doubt, the Managing Owner or the General Manager may serve as the Lead Designer, subject to Franchisor's prior approval.

(6) the Shop and other French Florist Shops, if applicable, will be the only businesses Franchisee owns or operates (although its Owners and affiliates may have other business interests, subject to Section 12).

2. Site Acceptance, Development and Opening of Shop.

2.A. Site Selection.

(1) If Franchisee has not located an accepted Site as of the Agreement Date, then Franchisee must deliver to Franchisor for Franchisor's review a complete site report and other materials and information Franchisor requests (collectively, the "**Site Report**") for a suitable site (consistent with any site selection guidelines that Franchisor may provide) within the non-exclusive "**Site Selection Area**" identified on Schedule A. Franchisee will not have any territorial or other rights in the Site Selection Area. Franchisor may establish and operate, or grant rights to others to establish and operate, French Florist Shops within or outside the Site Selection Area. The Shop must be located at a site that

Franchisor has accepted. Franchisor will not unreasonably withhold its acceptance of a site that meets its criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; the proposed site's size, appearance, and other physical characteristics; and any other factors that Franchisor deems appropriate. In determining whether to accept or reject a proposed site, Franchisor also may consider the site's proximity both to the Site Selection Area's boundaries and to other existing or potential sites for French Florist Shops located within or outside the Site Selection Area. Franchisor will use its reasonable efforts to review and either accept or reject a site Franchisee proposes within thirty (30) days after receiving the complete Site Report.

(2) Despite any assistance, information or recommendations that Franchisor provides with respect to the Site, Franchisor has made and will make no representations or warranties of any kind, express or implied, of the suitability of the Site for a French Florist Shop or any other purpose. Franchisor's recommendation or acceptance indicates only that Franchisor believes that the Site meets or has the potential to meet, or that Franchisor has waived, its general criteria of Site acceptability as of the Agreement Date. Applying criteria that have appeared effective for other sites might not accurately reflect the potential for all sites, and, after Franchisor recommends or accepts a site, demographic and/or other factors included in or excluded from its site criteria could change, thereby altering a site's potential. The uncertainty and instability of these criteria are beyond Franchisor's control, and Franchisor is not responsible if the Site fails to meet Franchisor's or Franchisee's expectations. Franchisee's acceptance of the rights under this Agreement is based on Franchisee's own independent investigation of the Site's suitability.

2.B. <u>Lease</u>. In connection with the negotiation of the terms of the lease or sublease for the Site (the "**Lease**"), Franchisee must utilize a form of letter of intent (the "**LOI**") approved by Franchisor. Franchisee must obtain Franchisor's prior written acceptance of the LOI before Franchisee provides the LOI to the landlord. Franchisee must also obtain Franchisor's prior written acceptance of the terms of the Lease before Franchisee signs it. The Lease and the LOI must contain the terms and provisions that are reasonably acceptable to Franchisor, including provisions to protect its rights as franchisor as outlined in the "Lease Rider" attached to this Agreement as Schedule E. Franchisee acknowledges that Franchisor's acceptance of the Lease and the LOI is not a guarantee or warranty, express or implied, of the success or profitability of a French Florist Shop operated at the Site. Franchisor's acceptance of the Lease and the LOI indicates only that Franchisor believes that the Lease's and the LOI's terms meet, or that Franchisor has waived, its then acceptable criteria. Franchisee must give Franchisor a copy of the fully-signed Lease within ten (10) days after Franchisee and the landlord have signed it. Franchisee may not sign any renewal or amendment of the Lease that Franchisor has not accepted. Franchisee must sign a Lease that Franchisor has accepted within five (5) months after Agreement Date.

2.C. <u>Territory Designation</u>. After Franchisor accepts the Site, Franchisor will define the Territory based on the factors that Franchisor deems relevant, which might include demographics, the character and location of the Site, and nearby businesses and residence. Franchisor will insert the Site's address and the Territory's description on <u>Schedule A</u>.

2.D. Developing and Equipping the Shop.

(1) Franchisor will provide Franchisee mandatory and suggested specifications and layouts for a French Florist Shop, which might include recommendations and/or requirements for dimensions, design, image, interior layout (including equipment placement), decor, Operating Assets, and color scheme. "**Operating Assets**" means all required furniture, fixtures, vehicles, Computer System (defined below) components, equipment, furnishings, and signs that Franchisor periodically requires for the Shop. The Shop must contain all of the Operating Assets, and only the Operating Assets, that Franchisor periodically specifies. At Franchisor's option, Franchisee must use only the architect, development company and/or other contractor(s) that Franchisor periodically designates or approves to design and/or develop the Shop.

(2) It is Franchisee's responsibility to prepare all required construction plans and specifications to suit the Site and to make sure that they comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions. Franchisee must submit construction plans and specifications to Franchisor for approval before Franchisee begins constructing the Shop and all revised or "as built" plans and specifications during construction. Franchisor's review is limited to ensuring Franchisee's compliance with Franchisor's design requirements and this Agreement's other requirements. Franchisor's review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is Franchisee's responsibility. Franchisee must remedy, at its expense, any noncompliance or alleged noncompliance with those laws and regulations. Franchisor may periodically inspect the Site while Franchisee is developing the Shop.

(3) At Franchisee's expense, Franchisee must construct, install trade dress and furnish all Operating Assets in, and otherwise develop the Shop at the Site according to Franchisor's standards, specifications and directions. If Franchisor requires, Franchisee must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates).

2.E. Computer System. Franchisee agrees to obtain and use in connection with the operation of the Shop the computer-based, web-based, application-based and/or other technological systems and services that Franchisor periodically specifies, including hardware components, software, dedicated communication and power systems, printers, payment devices, and other computer-related accessories and peripheral equipment (the "**Computer System**"). Franchisor may periodically modify specifications for and components of and/or the technologies and functions for, the Computer System, and these modifications and/or other technological developments or events, may require Franchisee to purchase, lease and/or license new or modified computer hardware, software and other components and technologies and to obtain service and support for the Computer System. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, Franchisee agrees to incur the costs of obtaining and updating the Computer System (and additions and modifications) and required service or support. Within sixty (60) days after Franchisor delivers notice to Franchisee, Franchisee agrees to obtain the Computer System components that Franchisor designates and ensure that Franchisee's Computer System, as modified, is functioning properly.

Franchisor and its affiliates may condition any license of required or recommended proprietary software to Franchisee, and/or Franchisee's use of technology developed or maintained by or for Franchisor (including the System Website, as defined in Section 7.F.), on Franchisee's signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging Franchisee's consent to and accepting the terms of a click-through license agreement), that Franchisor and its affiliates periodically specify to regulate Franchisee's use of, and Franchisor's (or its affiliate's) and Franchisee's respective rights and responsibilities with respect to, the software or technology. Franchisor and its affiliates may charge Franchisee up-front and ongoing fees for any required or recommended proprietary software or technology that Franchisor or its affiliates license to Franchisee and for other Computer System maintenance and support services provided during the term of this Agreement.

Notwithstanding Franchisee's obligation to buy, use, and maintain the Computer System according to Franchisor's standards and specifications, Franchisee has sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which Franchisee's Computer System interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. The Computer System shall permit twenty-four (24) hours per day, seven (7) days per week electronic communications between Franchisee and Franchisor.

2.F. Shop Opening. Franchisee must open the Shop for business on or before the Opening Deadline defined and listed on Schedule A. Franchisee agrees not to open the Shop until: (1) Franchisee has properly developed and equipped the Shop according to Franchisor's standards and specifications and in compliance with all applicable laws and regulations; (2) all pre-opening training for the Shop's personnel has been completed to Franchisor's satisfaction; (3) all amounts Franchisee then owes to Franchisor and its affiliates have been paid; (4) Franchisee has given Franchisor evidence of required insurance coverage and payment of premiums; (5) Franchisee has given Franchisor a copy of the fully-signed Lease; and (6) if Franchisor (at its sole option) requires, Franchisor has conducted a pre-opening inspection and/or has certified the Shop for opening. Franchisor's determination that Franchisee has met all of Franchisor's pre-opening requirements will not constitute a waiver of Franchisee's non-compliance or of Franchisor's right to demand full compliance with those requirements.

2.G. Shop Relocation. If the Lease expires or is terminated without Franchisee's fault, or if the Shop is destroyed, condemned, or otherwise rendered unusable, Franchisor will allow Franchisee to relocate the Shop to a new site acceptable to Franchisor. Relocation will be at Franchisee's sole expense, and Franchisee must comply with this Agreement's provisions relating to the development of the Shop at the new site and de-identification of the old site. If Franchisor approves the proposed relocation, Franchisee must pay Franchisor the then-current relocation fee, currently $18,000 (the "**Relocation Fee**"). Franchisee must pay Franchisor the Relocation Fee within ten (10) days after Franchisee's receipt of Franchisor's approval of the proposed relocation.

3. **Territorial Rights**.

3.A. Territorial Rights. Beginning on the date upon which Franchisor accepts the Site and determines the Territory, or, if the Site is determined on the Agreement Date, then from the Agreement Date, if Franchisee is complying with this Agreement, then neither Franchisor nor its affiliates will operate, or authorize any other party to operate, a French Florist Shop the physical premises of which are located within the Territory.

(1) Minimum Net Sales Per Zip Code Requirement. In order to maintain the territorial protections set forth above for each zip code within the Territory, Franchisee must generate at least $10,000 in Net Sales each year in each zip code. If Franchisee fails to achieve this required Net Sales volume in a given year in a particular zip code within the Territory, Franchisor may reduce or remove the territorial protections granted to Franchisee by this Agreement for such zip code and otherwise operate or license to others the right to operate a French Florist Shop and/or to provide Event Services and/or Delivery Services and/or similar products and services within that zip code.

3.B. Rights Franchisor Maintains. Franchisor (and any affiliates that Franchisor might have from time to time) shall at all times have the right to engage in any activities Franchisor or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever Franchisor or they desire, including:

(1) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions Franchisor deems appropriate, French Florist Shops at any locations outside the Territory;

(2) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions Franchisor deems appropriate, florist shops or any similar or dissimilar businesses that either are not primarily identified by the Marks or do not use the Franchise System at any locations, whether within or outside the Territory;

(3) all rights relating directly or indirectly to the Marks, and all products and services associated with any of the Marks, in connection with any methods of distribution, except as specifically set forth in Section 3.A. This includes providing, and granting rights to others to provide (except as specifically set forth in Section 3.A.), products and services to customers and other third parties that are similar or dissimilar to, or competitive with, any products and services provided at French Florist Shops, whether identified by the Marks or other trademarks or service marks, regardless of the method of distribution (including through the System Website, other retail outlets, and shipping and delivery), and at any locations; and

(4) acquiring the assets or Ownership Interests of, or being acquired (regardless of the form of transaction) by, one or more businesses providing products and services similar or dissimilar to those provided at French Florist Shops, and franchising, licensing or creating other arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory.

4. Training and Assistance.

4.A. Initial Training Program. Before opening the Shop for business, the Managing Owner and the General Manager (if different from the Managing Owner) must attend and complete to Franchisor's satisfaction all components of Franchisor's designated initial brand standard training program (the "**Initial Training Program**") and the Lead Designer must attend and complete to Franchisor's satisfaction all components of Franchisor's Designer Training Program. However, if the Managing Owner has attended and completed the Initial Training Program to Franchisor's satisfaction under another franchise agreement, Franchisor will not require the Managing Owner to attend the Initial Training Program. At Franchisee's option, Franchisee may also send additional personnel to the Initial Training Program. The Initial Training Program may include classroom training, instruction at designated facilities, hands-on training at an operating French Florist Shop, remote training (including via Internet access) and/or self-study programs. The General Manager and the Lead Designer must complete the Initial Training Program to Franchisor's satisfaction before the Shop opens for business. If Franchisor determines that any of Franchisee's personnel cannot complete the Initial Training Program to Franchisor's satisfaction, then in addition to its other rights and remedies, Franchisor may require such personnel to attend additional training programs at Franchisee's expense (for which Franchisor may charge reasonable fees).

4.B. Pre-Opening Training Team. If on the Opening Date the Shop is the first French Florist Shop that Franchisee and its affiliates then operate, then Franchisor will send a training team (the "**Training Team**") for up to three (3) days, beginning before the Opening Date and continuing after the Opening Date, to assist with training on brand standard issues. Franchisor will determine the individual(s) comprising the Training Team in its sole judgment.

4.C. Certified Training Shop. If on the Opening Date the Shop is the second (2^{nd}) or a subsequent French Florist Shop that Franchisee and its affiliates operate, then within one hundred and eighty (180) days after the Opening Date, Franchisee agrees to complete (or to cause its affiliate to complete) to Franchisor's satisfaction the necessary brand standards training, attain the minimum benchmarks, and complete the other tasks that Franchisor then specifies in order for Franchisor to designate one of Franchisee's or its affiliate's operating French Florist Shops as a "**Certified Training Shop**," and the General Manager or another of Franchisee's or its affiliate's employees of the Certified Training Shop whom Franchisee chooses as the "**Certified Training Manager**." Once Franchisee (or its affiliate) has attained these certifications, if the Certified Training Shop loses that certification or otherwise fails to meet Franchisor's minimum benchmarks to retain that certification, or if the Certified Training Manager's employment at the Certified Training Shop ends or the Certified Training Manager otherwise loses that certification, then within sixty (60) days thereafter, Franchisee agrees to complete (or to cause its affiliate to complete) the tasks necessary for Franchisor to once again have one of its French Florist Shops designated as a Certified Training Shop and for one of that shop's personnel to be designated as the Certified Training Manager. The Certified Training Manager and the General Manager are responsible for properly training all other personnel at Franchisee's (and, if applicable, its affiliates') French Florist Shops.

4.D. Ongoing Training. During the Term, Franchisor may require Franchisee and/or its personnel, including the General Manager and the Lead Designer, to attend and satisfactorily complete various training courses and programs and evaluation programs, including online training, that Franchisor chooses to provide periodically at the times and locations Franchisor designates. At Franchisor's option, Franchisee must acquire the equipment, technology, and other products and services that Franchisor periodically specifies (and pay all associated fees) in order to participate in the learning management platform or other Shop training system that Franchisor periodically designates. Franchisee's personnel whom Franchisor periodically specifies also must attend any conventions or other programs that Franchisor periodically specifies for some or all French Florist Shops.

4.E. Fees and Expenses During Training. Franchisor will provide the Initial Training Program to three (3) individuals associated with the Shop at no charge, but Franchisee must pay the initial training fee that Franchisor specifies for any additional individuals attending the Initial Training Program. Franchisor will not charge a fee for the Training Team but Franchisee must reimburse Franchisor for the Training Team's travel, living and other expenses (including local transportation expenses) incurred in connection with providing on-site training. Franchisee also agrees to pay the training fees that Franchisor periodically specifies for any ongoing training and evaluation programs that Franchisor provides. Franchisee also will be responsible for its and its personnel's travel, living and other expenses (including local transportation expenses) and compensation incurred in connection with attendance at any training courses and programs, conventions or work at any French Florist Shop that is part of their development.

4.F. General Guidance. Franchisor will advise Franchisee from time to time regarding the Shop's operation based on Franchisee's reports or Franchisor's inspections, including with respect to standards, specifications, operating procedures and methods that French Florist Shops use, purchasing required or recommended Operating Assets and other products, and administrative, bookkeeping and accounting procedures. Franchisor will guide Franchisee in Franchisor's operating manual and/or other manuals (collectively, the "**Operations Manual**"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at Franchisor's office or the Shop. If Franchisee requests and Franchisor agrees to provide additional or special guidance, assistance or training, Franchisee must pay Franchisor's then applicable charges, including per diem charges and any travel and living expenses for Franchisor's personnel. Any specific ongoing training, conventions, advice or assistance that Franchisor provides does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which Franchisor may discontinue and modify at any time.

4.G. Operations Manual and System Standards. Franchisor will provide Franchisee access to the Operations Manual for use in operating the Shop during the Term. The Operations Manual might include written or intangible materials (including videos and other electronic media) and may be made available to Franchisee by various means. At Franchisor's option, Franchisor may post the Operations Manual on the System Website or another restricted website to which Franchisee will have access, in which event Franchisee must periodically monitor the website for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to be part of Confidential Information (defined in Section 11.A.). The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that Franchisor periodically specifies for developing and/or operating a French Florist Shop ("**System Standards**") and information on Franchisee's other obligations under this Agreement. Franchisor may modify the Operations Manual periodically to reflect changes in System Standards. Franchisee agrees to keep its copy of the Operations Manual current and communicate all updates to its employees and contractors in a timely manner. If there is a dispute over its contents, Franchisor's master copy of the Operations Manual controls. Franchisee agrees that the contents of the Operations Manual are confidential and that Franchisee will not disclose the Operations Manual to any person other than Shop employees who need to know its contents. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, except as Franchisor periodically authorizes for training and operating purposes.

4.H. Delegation of Performance. Franchisor may delegate the performance of any portion or all of its obligations under this Agreement to its affiliates or other third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor contracts to perform these obligations.

5. Fees.

5.A. Initial Franchise Fee. On the Agreement Date, Franchisee agrees to pay Franchisor an initial franchise fee in an amount equal to Forty-Five Thousand Dollars ($45,000), less any amount credited toward the initial franchise fee pursuant to an effective Development Rights Agreement between Franchisor and Franchisee (or its affiliate). This initial franchise fee is fully earned by Franchisor when Franchisee sign this Agreement and is not refundable under any circumstances.

5.B. Royalty Fee. Franchisee agrees to pay Franchisor, on the day of each week that Franchisor periodically specifies (the "**Payment Day**"), a royalty (the "**Royalty Fee**") in an amount equal to six percent (6%) of the Net Sales (defined in Section 5.E. below).

5.C. Technology and Software License Fee. Franchisee agrees to pay Franchisor, on or before the Payment Day, a Technology and Software License Fee for various technology and software products or services that Franchisor (or its affiliates) provide or arrange for third parties to provide, which products or services are subject to change over time (the "**Technology and Software License Fee**"). As of the Agreement Date, the Technology and Software License Fee is One Thousand, Two Hundred and Twenty-Five Dollars ($1,225) per month but Franchisor reserves the right to increase the Technology and Software License Fee by providing Franchisee with written notice at least thirty (30) days prior to the implementation of the Technology and Software License Fee. Franchisor reserves the right to increase the Fee by up to ten percent (10%) annually.

5.D. Non-Compliance Fee. If Franchisor determines that Franchisee has used any unauthorized products or services, Franchisor may send Franchisee a notice of violation and assess Franchisee up to One Thousand Dollars ($1,000) per violation for the first violation and up to Two Thousand Five Hundred Dollars ($2,500) per violation for subsequent violations (the "**Non-Compliance Fee**"). Franchisor reserves all other rights and remedies available to it.

5.E. Definition of Net Sales. In this Agreement, "**Net Sales**" means all revenue that Franchisee receives or otherwise derives directly or indirectly from operating the Shop, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including (i) any implied or imputed Net Sales from any business interruption insurance; and (ii) all revenue from selling products intended for off-premises use and from providing Delivery Service (as defined below) and Event Service (as defined below). However, "Net Sales" shall exclude (1) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (2) any bona fide refunds and credits that are actually provided to customers; and (3) the face value of coupons or discounts that customers redeem. Each charge or sale upon credit shall be treated as a sale for the full price on the day during which such charge or sale is made, irrespective of when Franchisee receives payment (whether full or partial, or at all) on that sale. Amounts paid by gift certificate, gift card, stored value card or similar program are included in Net Sales when the gift certificate, other instrument or applicable credit is redeemed.

5.F. Automatic Debit. Franchisee must sign and deliver to Franchisor the documents Franchisor periodically requires to authorize Franchisor to debit Franchisee's bank account automatically for the Royalty Fee, Brand Fund (defined in Section 7.B.) contribution, Technology and Software License Fee, and other amounts due under this Agreement or any related agreement between Franchisor (or its affiliates) and Franchisee. Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date. If Franchisee fails to report the Shop's Net Sales, Franchisor may debit Franchisee's account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Fund contribution that Franchisor debited. If the amounts that Franchisor debits from Franchisee's account are less than the amounts Franchisee actually owes Franchisor (once Franchisor has determined the Shop's actual Net Sales), Franchisor will debit Franchisee's account for the balance, plus interest due under Section 5.G., on the day Franchisor specifies. If the amounts that Franchisor debits from Franchisee's account are greater than the amounts Franchisee actually owes Franchisor (once Franchisor has determined the Shop's actual Net Sales), Franchisor will credit the excess (without interest) against the amounts Franchisor otherwise would debit from Franchisee's account during the following week(s). Franchisee must pay Franchisor the greater of One Hundred Dollars ($100) or five percent (5%) of the amount owed to Franchisor (subject to applicable law) to compensate Franchisor for any "insufficient funds" charges and related expenses Franchisor incurs if Franchisee fails to maintain sufficient funds in Franchisee's bank account. Franchisor may periodically change the mechanism for Franchisee's payments of Royalty Fees, Brand Fund contributions, Technology and Software License Fees, and other amounts Franchisee owes to Franchisor and its affiliates under this Agreement or any related agreement. Franchisee may not subordinate to any other obligation its obligation to pay Royalty Fees or any other fee or charge under this Agreement.

5.G. Interest on Late Payments. All amounts which Franchisee owes Franchisor, if not paid (or made available for withdrawal from Franchisee's bank account if Franchisor is then collecting those amounts by automatic debit) by the due date, will bear interest beginning on their due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. Franchisee acknowledges that this Section 5.G. is not Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Shop. Franchisee's failure to pay all amounts that it owes Franchisor when due constitutes grounds for Franchisor's terminating this Agreement under Section 15, notwithstanding this Section 5.G.

5.H. Taxes on Franchisee's Payments. In addition to any sales, use, excise, privilege or other transaction taxes that applicable law requires or permits Franchisor to collect from Franchisee for the sale, lease or other provision of goods or services under this Agreement, Franchisee shall pay Franchisor an amount equal to all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on Franchisor or that Franchisor is required to withhold in connection with the receipt or accrual of Royalty Fees or any other amounts payable by Franchisee to Franchisor under this Agreement, excluding only taxes imposed on Franchisor for the privilege of conducting business and calculated with respect to Franchisor's net income, capital, net worth, gross receipts, or some other basis or combination thereof, but not excluding any gross receipts taxes imposed on Franchisor or its affiliates for Franchisee's payments intended to reimburse Franchisor or its affiliates for expenditures incurred for Franchisee's benefit and on its behalf. Franchisee shall make any additional required payment pursuant to this Section in an amount necessary to provide Franchisor with after-tax receipts (taking into account any additional payments required hereunder) equal to the same amounts that Franchisor would have received under this Agreement if such additional tax liability or withholding had not been imposed or required.

6. Shop Operation and System Standards.

6.A. Condition and Appearance of Shop.

(1) Franchisee agrees that it will not use the Shop or any part of the Site (including any parking area and any adjacent location with a common entrance) for any purpose other than operating a French Florist Shop in compliance with this Agreement. Franchisee must place or display at the Site (interior and exterior) only those signs, logos and display and advertising materials that Franchisor periodically requires or authorizes during the Term. Franchisee further agrees to maintain the condition and appearance of Franchisee's Shop, its Operating Assets and the Site (including any parking area) in accordance with Franchisor's System Standards. Without limiting that obligation, Franchisee agrees to take, without limitation, the following actions during the Term at its expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that Franchisor may periodically designate and at Franchisor's direction; (b) interior and exterior repair of the Site as needed; and (c) repair or replacement, at Franchisor's direction, of damaged, worn-out or obsolete Operating Assets at intervals that Franchisor may periodically specify (or, if Franchisor does not specify an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

(2) In addition to Franchisee's obligations in Subsection (1) above, once during the Term, Franchisor may require Franchisee to substantially alter the Shop's and the Site's appearance, branding, layout and/or design, and/or replace a material portion of the Operating Assets, in order to meet Franchisor's then current requirements for new similarly situated French Florist Shops. Franchisee acknowledges that this obligation could result in its making extensive structural changes to, and significantly remodeling and renovating, the Shop, and/or in its spending substantial amounts for new Operating Assets, and Franchisee agrees to incur any capital expenditures required in order to comply with this

obligation and Franchisor's requirements. Within sixty (60) days after receiving written notice from Franchisor, Franchisee must have plans prepared according to the standards and specifications Franchisor prescribes and, if Franchisor requires, using architects and contractors Franchisor designates or approves, and Franchisee must submit those plans to Franchisor for its approval. Franchisee must complete all work according to the plans Franchisor approves within the time period that Franchisor reasonably specifies. However, nothing in this paragraph in any way limits Franchisee's obligation to comply with all mandatory System Standards that Franchisor periodically specifies.

6.B. Products and Services the Shop Offers. Franchisee agrees that: (1) the Shop must offer all products and services that Franchisor periodically specifies as being mandatory; (2) Franchisee may not offer, sell, or otherwise provide at the Shop, the Site or any other location any products or services that Franchisor has not authorized; (3) Franchisee must discontinue offering, selling or otherwise providing any products or services that Franchisor at any time disapproves in writing; (4) Franchisee may not sell any products at wholesale without Franchisor's prior written consent; (5) Franchisee may not offer products or services from any location other than the Site (except for authorized Event Service and Delivery Service, and as otherwise required or approved by Franchisor); and (6) Franchisee must provide the Shop's approved products and services by alternative means, such as through Delivery Service or Event Service, in accordance with the System Standards, as Franchisor may periodically require.

6.C. Approved Products, Distributors and Suppliers. Franchisor reserves the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and other products and services that Franchisor periodically authorizes for use at or sale by the Shop. During the Term, Franchisee must purchase or lease all Operating Assets and other products and services for the Shop only according to the System Standards and, if Franchisor requires, only from suppliers or distributors that Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates). Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Franchisor or its affiliates provide to Franchisee and from promotional allowances, volume discounts and other payments made to Franchisor by suppliers and/or distributors that it designates or approves for some or all of its franchisees. Franchisor and its affiliates may use all amounts received from suppliers and/or distributors, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes Franchisor or its affiliates deem appropriate.

If Franchisee wants to use any Operating Assets or other products or services for or at the Shop that Franchisor has not yet evaluated, or purchase or lease any Operating Assets or other products or services from a supplier or distributor that Franchisor has not yet approved (for Operating Assets or other products and services that Franchisor requires Franchisee to purchase only from designated or approved suppliers or distributors), Franchisee first must submit sufficient information, specifications and samples for Franchisor to determine whether the product or service complies with Franchisor's standards and specifications and/or the supplier or distributor meets Franchisor's criteria. For each supplier, distributor, or product Franchisee submits for Franchisor's review, Franchisee must pay Franchisor an amount not to exceed the reasonable cost of the inspection and Franchisor's actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier or service provider is approved. Franchisor may condition its approval of a supplier or distributor on requirements relating to product quality, production capacity, quality assurance systems, reputation, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. Franchisor has the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product or other samples, at its option, either directly to Franchisor or to any independent laboratory that Franchisor designates for testing. Franchisor reserves the right periodically to re-inspect the facilities, products and services of any approved supplier or distributor and to revoke its approval of any supplier, distributor, product or service that does not continue to meet its criteria. Notwithstanding the foregoing, Franchisee agrees that Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including if Franchisor has already designated an exclusive source (which might be Franchisor or its affiliate) for the applicable product or service or if Franchisor believes that doing so is in the best interests of the French Florist Shop network.

6.D. Guest Services. Franchisor may provide certain guest services for the Shop, which may include the Ordering Systems (defined below), a back-of-house call center, and remote payment processing (as Franchisor may periodically modify them, collectively, the "**Guest Services**"), for which Franchisor may charge Franchisee reasonable fees. "**Ordering Systems**" means any customer ordering processes that Franchisor periodically specifies in which all or certain French Florist Shops participate, including a proprietary web-based system and online ordering platform (the "**French Florist Web Platform**"), call center and app-based ordering processes, and any other program or system that Franchisor may periodically specify. Franchisee agrees to accept and fulfill all orders the Shop receives through the Ordering Systems in accordance with this Agreement and all applicable System Standards to the maximum extent the law allows. Franchisor may periodically modify any Guest Services, the French Florist Web Platform and any Ordering Systems, including the services provided, and may periodically stop providing any or all Guest Services, French Florist Web Platform access or services, and Ordering Systems upon notice to Franchisee.

6.E. Event Service and Delivery Service.

(1) Franchisee shall provide, at Franchisor's option, Event Service from the Shop in accordance with all applicable terms and conditions of this Agreement, including all applicable System Standards. "**Event Service**" means the preparation and delivery of floral and plant products and accessories to customers at locations other than the Site, where, in addition to delivering such products, Franchisee or a third party may provide ancillary services (such as setting up or arranging the floral and plant products and accessories) at such locations.

(2) Franchisee shall provide, and/or contract with one or more third parties whom Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates) to provide, Delivery Service from the Shop in accordance with all applicable terms and conditions of this Agreement, including all applicable System Standards. "**Delivery Service**" means the delivery of floral and plant products and

accessories to customers at locations other than the Site, where Franchisee or a third party delivers such floral and plant products and accessories but provides no ancillary services (such as setting up or arranging the floral and plant products and accessories) at such locations. Franchisee shall use (or ensure that a third party uses) only the delivery methods that Franchisor periodically specifies or approves.

(3) Franchisee shall not establish another outlet or property (other than the Site) for use in connection with Event Service or Delivery Service without Franchisor's prior written consent. Franchisor will determine, and thereafter may periodically modify, the geographic area within which Franchisee will provide Event Service or Delivery Service, but Franchisee shall not receive any exclusive, protected or other territorial rights with respect to events or deliveries in that geographic area. Franchisee must ensure that its customers receive at all times high quality floral and plant products prepared and maintained in accordance with System Standards. Franchisee shall maintain (or ensure that a third-party service provider maintains) the condition and appearance of, and performs maintenance with respect to, vehicles and equipment used in connection with the provision of Event Service and Delivery Service in accordance with System Standards. If Franchisee or its affiliate provides Event Service or Delivery Service directly, Franchisee shall ensure that all delivery drivers strictly comply with all applicable laws and maintain adequate motor vehicle liability insurance in the amounts that Franchisor periodically specifies. If Franchisee fails to comply with any provision of this Agreement, including any System Standard, pertaining to Event Service or Delivery Service, then in addition to any other rights and remedies that Franchisor might have (including the right to terminate this Agreement pursuant to Section 15.B., if applicable), Franchisor may temporarily suspend or permanently terminate Franchisee's right to provide Event Service and/or Delivery Service or temporarily or permanently restrict the geographic area within which Franchisee may provide Event Service and/or Delivery Service. Franchisee acknowledges and agrees that Franchisor and its affiliates may provide, or authorize others to provide, Event Service and/or Delivery Service within the Territory.

6.F. <u>Compliance with Laws and Good Business Practices</u>. Franchisee must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the Shop's operation and operate the Shop (including Event Service and Delivery Service) in full compliance with all applicable laws, ordinances and regulations, including Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and any other federal, state, or local law, ordinance, regulation, policy, list or other requirement of any governmental authority addressing or in any way relating to terrorist acts or acts of war ("**Anti-Terrorism Laws**"). Without limiting the foregoing, Franchisee represents and warrants to Franchisor that none of Franchisee's (or its Owners') property or interests is subject to being blocked under, and Franchisee and its Owners otherwise are not in violation of, any Anti-Terrorism Law. The Shop must in all dealings with its customers, prospective customers, suppliers, Franchisor and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which might injure Franchisor's business or reputation or the goodwill associated with the Marks or other French Florist Shops. Franchisee must notify Franchisor in writing within five (5) days of: (1) the commencement of any action, suit or proceeding relating to the Shop; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which might adversely affect Franchisee's operation or financial condition or that of the Shop; and (3) any notice of violation or alleged violation of any law, ordinance or regulation relating to the Shop.

6.G. Insurance. During the Term, Franchisee must maintain in force at Franchisee's sole expense the insurance coverage for the Shop (including the Event Service and Delivery Service) in the amounts, covering the risks, and containing only the exceptions and exclusions that Franchisor periodically specifies for similarly situated French Florist Shops. All of Franchisee's insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as Franchisor periodically specifies). These insurance policies must be in effect on or before the deadlines Franchisor specifies. All coverage must be on an "occurrence" basis, except for employment practices liability insurance coverage, which is on a "claims made" basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that Franchisor or its affiliates maintain. All coverage must provide for waiver of subrogation in favor of Franchisor and its affiliates. Franchisor may, upon at least sixty (60) days' notice to Franchisee, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name Franchisor and any affiliates it designates as an additional insured and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. Franchisee agrees periodically to send Franchisor a valid certificate of insurance or duplicate insurance policy evidencing that Franchisee has maintained the required coverage and paid the applicable premiums. If Franchisee fails to obtain or maintain (or to prove that it has obtained or maintained) the insurance Franchisor specifies, in addition to its other remedies, Franchisor may (but need not) obtain such insurance for Franchisee and the Shop on Franchisee's behalf, in which event Franchisee shall cooperate with Franchisor and reimburse Franchisor for all premiums, costs and expenses it incurs in obtaining and maintaining the insurance.

6.H. Compliance With System Standards. Franchisee acknowledges and agrees that operating and maintaining the Shop according to System Standards, as Franchisor may periodically modify and supplement them, are essential to preserve the goodwill of the Marks and all French Florist Shops. Therefore, Franchisee agrees at all times to operate and maintain the Shop according to each and every System Standard, as Franchisor periodically modifies and supplements them. System Standards may (except as specifically set forth below) regulate any aspect of the Shop's development, operation and maintenance, including any one or more of the following:

(1) sales, marketing, advertising, promotional and public relations programs and materials for the Shop and media used in these programs, including participation in and compliance with the requirements of any special advertising, marketing, promotional and public relations programs that Franchisor periodically specifies in which all or certain French Florist Shops participate, such as standards for participating in charitable and public relations programs, as Franchisor periodically modifies them;

(2) standards, requirements and procedures for participating in, and accepting and fulfilling orders through, the Ordering Systems;

(3) required standards and procedures for preparing, packaging, and presenting products;

(4) the design and appearance of the Shop and its Operating Assets, including the Shop's branding and cleanliness and the placement, maintenance, repair and replacement of equipment;

(5) minimum and required standards and specifications for products, equipment, materials, supplies and services that Franchisee's Shop uses and/or sells, including methods of preparing flower arrangements;

(6) participation in and requirements for group purchasing programs for certain Operating Assets and/or other products and services that French Florist Shops use or sell;

(7) maximum, minimum or other pricing requirements for products and services that the Shop offers, including requirements for promotions, special offers and discounts in which some or all French Florist Shops participate, in each case to the maximum extent the law allows;

(8) requirements for vehicles, training, qualifications, conduct and appearance of personnel, product packaging, format and use of materials and supplies (including display of the Marks thereon), shipping and delivery methods, and other aspects of providing Event Service and Delivery Service, including restrictions on providing such services to customers with whom Franchisor has an established business relationship;

(9) participation in market research and test programs that Franchisor periodically requires or approves concerning various aspects of the Franchise System, including new or updated procedures, systems, equipment, signs, trade dress, supplies, marketing materials and strategies, merchandising strategies, products and services;

(10) issuing and honoring gift certificates, gift cards, stored value cards and similar items and participating in other promotions, including any customer loyalty programs and promotions and procedures for resolving customer complaints that Franchisor periodically specifies;

(11) accepting credit and debit cards and other payment systems, including through the Computer System; and

(12) any other aspects of developing, operating and maintaining the Shop that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and French Florist Shops.

Franchisee acknowledges that Franchisor's periodic modification of Franchisor's System Standards (including to accommodate changes to the Computer System and the Marks), which may accommodate regional and/or local variations, may obligate Franchisee to invest additional capital in the Shop and incur higher operating costs, and Franchisee agrees to comply with those obligations within the time period Franchisor specifies. Although Franchisor retains the right to establish and periodically modify the Franchise System and System Standards that Franchisee has agreed to follow, Franchisee retains the responsibility for the day-to-day management and operation of the Shop and implementing and maintaining System Standards at the Shop.

Franchisor and Franchisee agree that any materials, guidance or assistance that Franchisor provides with respect to the terms and conditions of employment for Franchisee's employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for Franchisee's optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. Franchisee will determine to what extent, if any, these materials, guidance or assistance should apply to the Shop's employees. Franchisee acknowledges that Franchisor does not dictate or control labor or employment matters for franchisees and their employees and will not be responsible for the safety and security of Shop employees or patrons. Franchisee is solely responsible for determining the terms and conditions of employment for all Shop employees, for all decisions concerning the hiring, firing and discipline of Shop employees, and for all other aspects of the Shop's labor relations and employment practices.

6.I. Modification of Franchise System. Franchisor reserves the right to vary the Franchise System and/or System Standards for any French Florist Shops or group of French Florist Shops based upon the peculiarities of any conditions or factors that Franchisor considers important to its operations. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

7. Marketing.

7.A. Opening Marketing Program. Franchisee agrees, at its expense, to implement an opening marketing program for the Shop in accordance with the requirements in the Operations Manual and other System Standards. At least ninety (90) days before the Shop's planned Opening Date, Franchisee must prepare and submit to Franchisor for its approval a proposed opening marketing program that covers a period before and after the Opening Date that Franchisor specifies and contemplates spending at least Fifteen Thousand Dollars ($15,000). Franchisee must implement the approved opening marketing program and, if required by Franchisor, Franchisee must provide evidence to Franchisor of Franchisee's approved program expenditures.

7.B. Brand Fund. Franchisor administers and controls a marketing and brand fund (the "**Brand Fund**") for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of French Florist Shops that Franchisor periodically deems appropriate. Franchisee agrees to pay Franchisor, via electronic funds transfer or another payment method Franchisor specifies and together with each payment of the Royalty Fee and Technology and Software License Fee, a contribution to the Brand Fund in an amount that Franchisor periodically specifies up to 3% of Net Sales. As of the Agreement Date, Franchisee must contribute 2% of Net Sales to the Brand Fund on or before the Payment Day.

Franchisor has the right to designate and direct all programs that the Brand Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Brand Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social

Media (defined in Section 7.G.); developing, maintaining and administering one or more System Websites, including the French Florist Web Platform, online sales and customer retention programs, mobile applications, and other technologies used to reach customers and potential customers; developing, maintaining and administering the Guest Services; administering national, regional, multi-regional and local marketing, advertising, promotional and customer relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. The Brand Fund also may reimburse French Florist operators (including Franchisor and/or its affiliates) for expenditures consistent with the Brand Fund's purposes that Franchisor periodically specifies. Franchisor also may implement programs that could be financed by the Brand Fund, but choose to have them financed through other means, such as direct payments by Franchisee and other participating French Florist Shop operators.

Franchisor will account for the Brand Fund separately from Franchisor's other funds and not use the Brand Fund to pay any of Franchisor's general operating expenses, except to compensate Franchisor and its affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs Franchisor and they incur in connection with activities performed for the Brand Fund and its programs, including conducting market research, preparing advertising and marketing materials, maintaining and administering the System Website and/or Social Media, developing technologies to be used by the Brand Fund or its programs, collecting and accounting for Brand Fund contributions, and paying taxes on contributions. The Brand Fund is not a trust, and Franchisor does not owe Franchisee fiduciary obligations because of Franchisor's maintaining, directing or administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. Franchisor will prepare an annual, unaudited statement of Brand Fund collections and expenses and give Franchisee the statement upon written request. Franchisor may have the Brand Fund audited periodically at the Brand Fund's expense by an independent accountant Franchisor selects. Franchisor may incorporate the Brand Fund or operate it through a separate entity whenever Franchisor deem appropriate. The successor entity will have all of the rights and duties specified in this Section 7.B.

Franchisor intends the Brand Fund to maximize recognition of the Marks and patronage of French Florist Shops. Although Franchisor will try to use the Brand Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with this Section 7.B.) that will benefit all or certain contributing French Florist Shops, Franchisor need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions from French Florist Shops operating in that geographic area, or that any French Florist Shop benefits directly or in proportion to the Brand Fund contributions that it makes. Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect Brand Fund contributions. Franchisor also may forgive, waive, settle and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 7.B., Franchisor assumes no direct or indirect liability or obligation to Franchisee for maintaining, directing or administering the Brand Fund.

Franchisor may at any time defer or reduce a French Florist Shop operator's contributions to the Brand Fund and, upon at least thirty (30) days' written notice to Franchisee, reduce or suspend Brand Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If Franchisor terminates the Brand Fund, Franchisor will (at its option) either spend the remaining Brand Fund assets in accordance with this Section 7.B. or distribute the unspent assets to French Florist Shop operators (including Franchisor and its affiliates, if applicable) then contributing to the Brand Fund in proportion to their contributions during the preceding twelve (12)-month period.

7.C. Local Marketing. Franchisee may only use content, photographs, marketing materials, product descriptions and recipes, and intellectual property and other items created by Franchisor, its affiliates, or for the Franchise System in the way and to the extent as specifically and expressly authorized by Franchisor. Franchisee agrees at its expense to participate in the manner Franchisor periodically specifies in all advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that Franchisor periodically designates for the Shop. Franchisee must ensure that all of its advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs, designated vendors and channels, and materials that Franchisee or its agents or representatives develop or implement relating to the Shop (collectively, "**Local Marketing**") is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that Franchisor periodically specifies. Before using them, Franchisee agrees to send to Franchisor, for its approval, descriptions and samples of all proposed Local Marketing that Franchisor has not prepared or previously approved within the preceding six (6) months. If Franchisee does not receive written notice of approval from Franchisor within five (5) business days after Franchisor receives the materials, they are deemed disapproved. Franchisee may not conduct or use any Local Marketing that Franchisor has not approved or has disapproved. At Franchisor's option, Franchisee must contract with one or more suppliers that Franchisor designates or approves to develop and/or implement Local Marketing. Franchisor assumes no liability to Franchisee or any other party due to its specifying any programs or materials or its approval or disapproval of any Local Marketing. Franchisee must spend at least a minimum amount on Local Marketing according to the Local Marketing Requirement (defined in Section 7.E.). As of the Agreement Date, each month Franchisee must spend on Local Marketing at least the greater of: (i) Five Thousand Dollars ($5,000); or (ii) twelve percent (12%) of Net Sales.

7.D. Advertising Cooperatives. Franchisor may designate a geographic area in which two (2) or more French Florist Shops are located as an area for an advertising or marketing cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all of the French Florist Shops located and operating in that area (including Franchisor and its affiliates, if applicable) that Franchisor has the right to require to participate in the Cooperative. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that Franchisor determines. Franchisor may change, dissolve and merge Cooperatives. Each Cooperative's purpose is, with Franchisor's approval, to develop, administer or implement advertising, marketing and promotional materials and programs for the area that the Cooperative covers. If, as of the Agreement Date, Franchisor has established a Cooperative for the geographic area in which the Shop is located, or if Franchisor establishes a Cooperative in that area during the Term, Franchisee agrees to sign the documents that Franchisor requires to become a member of the Cooperative and to participate in the Cooperative as those documents require. Franchisee agrees to contribute to the Cooperative the amounts that the Cooperative determines, up to 8% of Net Sales, subject to Franchisor's approval. Amounts contributed to the Cooperative will count toward the Local Marketing Requirement.

All material decisions of the Cooperative, including contribution levels (which also require Franchisor's approval), will require the affirmative vote of more than fifty percent (50%) of all French Florist Shops that are required to participate in the Cooperative (including, if applicable, those operated by Franchisor or its affiliate), with each French Florist Shop receiving one (1) vote. Franchisee agrees to send Franchisor and the Cooperative any reports that Franchisor or the Cooperative periodically requires. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that Franchisor has not approved.

7.E. Local Marketing Requirement. The "**Local Marketing Requirement**" is the minimum amount that Franchisor can require Franchisee to spend on Cooperative contributions and approved Local Marketing for the Shop during each calendar month, and is an amount Franchisor periodically specifies as a percentage of Net Sales during that calendar month. This amount is in addition to any Brand Fund contributions Franchisee is required to make pursuant to this Agreement. Although Franchisor may not require Franchisee to spend more than the Local Marketing Requirement on Cooperative contributions and approved Local Marketing for the Shop during any calendar month, Franchisee may choose to do so. Franchisor will not count towards Franchisee's Local Marketing Requirement the cost of free or discounted products or services, coupons, special offers or price reductions that Franchisee provides as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that Franchisor, in its reasonable judgment, deems inappropriate for meeting the Local Marketing Requirement. Franchisor may periodically review Franchisee's books and records and require Franchisee to submit reports periodically to determine its Cooperative contributions and Local Marketing expenses. If Franchisee fails to spend (or prove that it spent) the Local Marketing Requirement in any month, then Franchisor may, in addition to and without limiting its other rights and remedies, require Franchisee to pay Franchisor the shortfall as an additional Brand Fund contribution or to pay Franchisor the shortfall for Franchisor to spend on Local Marketing for the Shop.

7.F. System Website. Franchisor or one or more of its designees may establish a website or series of websites or similar technologies, including mobile applications and other technological advances that perform functions similar to those performed on traditional websites, for the French Florist Shop network to advertise, market and promote French Florist Shops, the products and services they offer, and the French Florist Shop franchise opportunity; to facilitate the operations of French Florist Shops (including, at Franchisor's option, online ordering and/or sales); and/or for any other purposes that Franchisor determines is appropriate for French Florist Shops (those websites, applications and other technological advances, including the Ordering Systems and French Florist Web Platform, are collectively called the "**System Website**"). If Franchisor includes information about the Shop on the System Website, then Franchisee agrees to give Franchisor the information and materials that Franchisor periodically requests concerning the Shop and otherwise participate in the System Website in the manner that Franchisor periodically specifies. Franchisor has the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that Franchisor determines. By posting or submitting to Franchisor information or materials for the System Website, Franchisee is representing to Franchisor that the information and materials are accurate and not misleading and do not infringe any third party's rights. Franchisee must notify Franchisor whenever any information about Franchisee or the Shop on the System Website changes or is not accurate.

Franchisor or its affiliate owns all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of "hits" by visitors, and any personal or business data that visitors (including Franchisee, its personnel and its customers) supply. Franchisor may use the Brand Fund's assets to develop, maintain, support and update the System Website. Franchisor may implement and periodically modify System Standards relating to the System Website and, at Franchisor's option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time.

All Local Marketing that Franchisee develops for the Shop must contain notices of the System Website in the manner that Franchisor periodically designates. Franchisee may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile applications, kiosks and other interactive properties or technology-based programs) that mentions or describes Franchisee, the Shop or its products or services or that displays any of the Marks. Except for the System Website (if applicable), Franchisee may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without Franchisor's approval.

Nothing in this Section 7.F. shall limit Franchisor's right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet (including to the Shop's customers and prospective customers) without payment or obligation of any kind to Franchisee.

7.G. Social Media. Franchisee agrees to comply with Franchisor's policies and requirements (as Franchisor periodically modifies them) concerning blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites and applications like Pinterest, Instagram and TikTok, and other similar social networking or media sites or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the Shop. Franchisee acknowledges that these policies may involve prohibitions on Franchisee's and its representatives' use of Social Media in connection with the Marks or the Shop. Franchisee shall not create, maintain, operate, control, or publish content on any social media accounts, pages, profiles, or channels, whether public or private, across any social media platforms now existing or later developed, that use or reference the French Florist name, trademarks, service marks, logos, branding, or any confusingly similar variations thereof. Franchisor exclusively owns, establishes, maintains, controls, and manages all social media accounts and all related content for the System. Franchisee acknowledges and agrees that all social media activity, messaging, branding, access credentials, and content strategy are solely within Franchisor's discretion. Franchisee shall not represent itself as authorized to speak on behalf of the brand on social media and shall immediately comply with any directive from Franchisor regarding social media use, access, or content removal.

8. **Records, Reports and Financial Statements**.

Franchisee agrees to establish and maintain at its own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats that Franchisor periodically specifies. Franchisor may require Franchisee to use the Computer System and designated software to maintain and to grant Franchisor full access to certain sales and expense data, financial statements and accounting and bookkeeping records, Customer Data and other information, in the formats that Franchisor periodically specifies, and to transmit that data and information to Franchisor on a schedule that Franchisor periodically specifies. At Franchisor's option, the Computer System must allow Franchisor and or its designee unlimited, independent access to, and the ability to download, all information in the Computer System at any time, other than records relating to labor relations and employment practices for Shop employees (collectively, "**Employment Records**"). Franchisor's access to the Computer System and related software can include the requirement that Franchisee provide to Franchisor both view-only access and direct API access as an authorized user to Franchisee's accounting software account. At Franchisor's request, Franchisee must retain and use, at Franchisee's expense, the services of an accountant or accounting firm that Franchisor approves or designates.

Franchisee also agrees to give Franchisor in the manner and format that Franchisor periodically specifies:

(a) on or before the Payment Day of each week, a report on the Shop's Net Sales during the previous week;

(b) within fifteen (15) days after the end of each month, monthly and year-to-date profit and loss and source and use of funds statements and a balance sheet for the Shop as of the end of the previous month; and

(c) within fifteen (15) days after Franchisor's request, exact copies of federal and state income and other tax returns and any other forms, records, reports and other information that Franchisor periodically requires relating to the Shop or Franchisee, other than Employment Records.

Franchisee agrees to certify or validate each report and financial statement in the manner that Franchisor periodically specifies. Franchisor may disclose data derived from these reports, including by creating and circulating reports on the financial results of the Shop and/or some or all other French Florist Shops to other French Florist Shop owners and prospective franchisees.

Franchisee agrees to preserve and maintain all records in a secure location at the Shop or other safe location during the Term and for at least five (5) years afterward. If Franchisor determines that Franchisee has failed to comply with Franchisee's reporting or payment obligations under this Agreement, including by submitting any false reports, Franchisor may require Franchisee to have audited financial statements prepared annually by a certified public accountant at Franchisee's expense during the remaining Term, in addition to Franchisor's other remedies and rights under the Agreement and applicable law.

9. <u>Inspections, Evaluations and Audits</u>.

9.A. <u>Inspections and Evaluations</u>. To determine whether Franchisee and the Shop are complying with this Agreement and all System Standards, Franchisor and its designated agents and representatives may at all times, and without prior notice to Franchisee: (a) inspect the Shop and any aspect of its operations; (b) examine and copy the Shop's business, bookkeeping and accounting records, tax records and returns, and other records and documents (other than Employment Records); (c) observe, videotape or otherwise monitor and/or evaluate (or have Franchisee or a third party observe, videotape or otherwise monitor and/or evaluate), whether on-premises or remotely, the Shop's operation, including both disclosed and undisclosed or so-called "mystery shopping" evaluations of Shop operations, for consecutive or intermittent periods Franchisor deems necessary; and (d) discuss matters with the Shop's personnel, customers and prospective customers. Franchisee agrees to cooperate with Franchisor and its designated agents and representatives fully. If Franchisor exercises any of these rights, Franchisor will use commercially reasonable efforts not to interfere unreasonably with the Shop's operation. Franchisee agrees that Franchisee's failure to achieve the minimum quality scores (as described in the Operations Manual) or otherwise satisfy Franchisor's System Standards in any quality assurance inspection or evaluation conducted with respect to the Shop is a default under this Agreement. Without limiting Franchisor's other rights and remedies under this Agreement, Franchisee agrees promptly to correct at its expense all failures to comply with this Agreement (including any System Standards) that Franchisor's inspectors note within the time period Franchisor specifies following Franchisee's receipt of Franchisor's notice, which might include Franchisee's personnel completing additional training at its expense or Franchisor conducting additional inspections or evaluations, for which Franchisor may charge Franchisee a reasonable fee.

9.B. <u>Audits</u>. Franchisor may at any time during Franchisee's business hours, and without prior notice to Franchisee, examine the Shop's business, bookkeeping and accounting records, tax records and returns, and other records (other than Employment Records). Franchisee agrees to fully cooperate with Franchisor's representatives and/or any independent accountants Franchisor hires to conduct any such inspection or audit. If any inspection or audit discloses an understatement of the Shop's Net Sales, Franchisee must pay Franchisor, within fifteen (15) days after receiving the inspection or audit report, the Royalty Fees, Brand Fund contributions, and any other amounts due on the amount of the understatement, plus interest (in the amount described in Section 5.G.) from the date originally due until the date of payment. If Franchisor reasonably determines that an inspection or audit is necessary due to Franchisee's failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if Franchisor's examination reveals a Royalty Fee or Brand Fund contribution understatement exceeding two percent (2%) of the amount that Franchisee actually reported to Franchisor for the period examined, Franchisee agrees to reimburse Franchisor for the cost of its examination, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of Franchisor's employees and representatives. These remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law.

9.C. Mystery Shopper Program. Franchisor may require Franchisee to participate in a mystery shopper service in order to ensure Franchisee's compliance with the Franchise System and Franchisor's customer service standards. Franchisor may specify mystery shopper services that Franchisee must engage at Franchisee's expense, or Franchisor may engage the mystery shopper service on Franchisee's behalf, in which case Franchisee must pay Franchisor a reasonable fee that Franchisor will specify. Franchisee must share the results of any mystery shopper program with Franchisor and must promptly address any deficiencies identified in any such report.

10. Marks.

10.A. Ownership and Goodwill of Marks. Franchisee's right to use the Marks is derived only from this Agreement and is limited to Franchisee's operating the Shop according to this Agreement and all System Standards Franchisor implements during the Term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes Franchisor's and its licensor's rights in the Marks. Franchisee's use of the Marks and any goodwill established by that use are for Franchisor's and its licensor's exclusive benefit, and this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Shop under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks that Franchisor periodically authorizes Franchisee to use. Franchisee may not at any time during or after the Term contest or assist any other person or Entity in contesting the validity, or Franchisor's and its licensor's ownership, of the Marks.

10.B. Limitations on Franchisee's Use of Marks. Franchisee agrees to use the Marks as the Shop's sole identification, subject to the notices of independent ownership that Franchisor periodically designates. Franchisee may only use the Marks as specifically authorized and approved by Franchisor. Franchisee may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos Franchisor has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address, metatag or otherwise in connection with any Social Media, website or other electronic medium without Franchisor's consent, or (5) in any other manner Franchisor has not expressly authorized in writing. Franchisee may not use any Mark in advertising the transfer, sale or other disposition of the Shop or any direct or indirect Ownership Interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Franchisee may not manufacture, use, sell, or distribute, or contract with any party other than Franchisor's or its affiliate's authorized licensees to manufacture, use, sell, or distribute, any products bearing any of the Marks. Franchisee agrees to display the Marks prominently as Franchisor periodically specifies at the Shop and on forms, advertising, supplies, vehicles, employee uniforms and other materials Franchisor periodically designates. Franchisee agrees to give the notices of trademark and service mark registrations that Franchisor periodically specifies and to obtain any fictitious or assumed name registrations required under applicable law.

10.C. Notification of Infringements and Claims. Franchisee agrees to notify Franchisor immediately of any actual or apparent infringement of or challenge to Franchisee's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than Franchisor, its licensor, and its and its licensor's attorneys, and Franchisee's attorneys, regarding any infringement, challenge or claim. Franchisor or its licensor may take the action that Franchisor or it deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any reasonable actions that, in the opinion of Franchisor's attorneys, are necessary or advisable to protect and maintain Franchisor's and its licensor's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's and its licensor's interests in the Marks. At its option, Franchisor or its licensor may defend and control the defense of any litigation or proceeding relating to any Mark.

10.D. Discontinuance of Use of Marks. If Franchisor believes at any time that it is advisable for Franchisor and/or Franchisee to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for its expenses in complying with these directions (such as costs Franchisee incurs in changing the Shop's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark.

10.E. Indemnification for Use of Marks. Franchisor agrees to reimburse Franchisee for all damages and expenses Franchisee incurs or for which Franchisee is liable in any proceeding challenging Franchisee's right to use any Mark under this Agreement, provided Franchisee's use has been consistent with this Agreement, the Operations Manual and System Standards and Franchisee has timely notified Franchisor of, and comply with Franchisor's directions in responding to, the proceeding.

11. Confidential Information, Customer Data and Innovations.

11.A. Confidential Information. Franchisor and its affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of French Florist Shops (the "**Confidential Information**"), including:

(1) development plans and site selection criteria for French Florist Shops;

(2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating French Florist Shops, including flower arrangement design and techniques;

(3) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for French Florist Shops;

(4) knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets and other products that French Florist Shops use and/or sell;

(5) knowledge of the operating results and financial performance of French Florist Shops other than the Shop;

(6) training materials and videos;

(7) the Computer System;

(8) customer communication and retention programs, along with data used or generated in connection with those programs, including Customer Data; and

(9) any other information Franchisor reasonably designates from time to time as confidential or proprietary.

Franchisee acknowledges and agrees that by entering into this Agreement and/or acquiring the Shop, Franchisee will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information that Franchisor periodically designates in operating the Shop during the Term and according to the System Standards and this Agreement's other terms and conditions, and that Franchisee's use of any Confidential Information in any other business would constitute an unfair method of competition with Franchisor and its franchisees. Franchisor and its affiliates own all right, title and interest in and to the Confidential Information. Franchisee further acknowledges and agrees that the Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee and its Owners agree, and Franchisee and they do agree, that Franchisee and its Owners:

(a) will not use any Confidential Information in any other business or capacity, whether during or after the Term;

(b) will keep the Confidential Information absolutely confidential, both during the Term and thereafter for as long as the information is not in the public domain;

(c) will not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form;

(d) will adopt and implement all reasonable procedures that Franchisor periodically designates to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Shop personnel and others needing to know such Confidential Information to operate the Shop, and using confidentiality agreements with those having access to Confidential Information. Franchisor has the right to regulate the form of agreement that Franchisee uses and to be a third-party beneficiary of that agreement with independent enforcement rights; and

(e) will not sell, trade or otherwise profit in any way from the Confidential Information, except during the Term using methods Franchisor approves.

"Confidential Information" does not include information, knowledge or know-how that is or becomes generally known in the floral industry (without violating an obligation to Franchisor or its affiliate) or that Franchisee knew from previous business experience before Franchisor provided it to Franchisee (directly or indirectly) or before Franchisee began training or operating the Shop. If Franchisor includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

11.B. Customer Data. Franchisee must comply with Franchisor's System Standards, other directions from Franchisor, prevailing industry standards (including payment card industry data security standards), all contracts to which Franchisee is a party or otherwise bound, and all applicable laws and regulations, as any of them may be modified from time to time, regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Data on Franchisee's Computer System or otherwise in Franchisee's possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. "**Customer Data**" means names, contact information, financial information, ordering history and other personal information of or relating to the Shop's customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving Franchisee's Customer Data (a "**Data Security Incident**"), Franchisee must notify Franchisor immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Data was compromised or disclosed. Franchisee must comply with Franchisor's instructions in responding to any Data Security Incident. Franchisor has the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at Franchisee's expense.

Franchisor and its affiliates may, through the Computer System or otherwise, have access to Customer Data. During and after the Term, Franchisor and its affiliates may make any and all disclosures and use the Customer Data in its and their business activities and in any manner that Franchisor or they deem necessary or appropriate. Franchisee must secure from its vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to Franchisor and its affiliates and for Franchisor and its affiliates to use that Customer Data in the manner that this Agreement contemplates.

11.C. Innovations. All ideas, concepts, techniques or materials relating to a French Florist Shop (collectively, "**Innovations**"), whether or not protectable intellectual property and whether created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent any Innovation does not qualify as a work made-for-hire for Franchisor, by this paragraph Franchisee assigns ownership of that Innovation, and all related rights to that Innovation, to Franchisor and agrees to sign (and to cause its Owners, employees and contractors to sign) whatever assignment or other documents Franchisor requests to evidence its ownership or to help Franchisor obtain intellectual property rights in the Innovation. Franchisor and its affiliates have no obligation to make any payments to Franchisee or any other person with respect to any Innovations. Franchisee may not use any Innovation in operating the Shop or otherwise without Franchisor's prior approval.

12. **Exclusive Relationship**.

Franchisee acknowledges that Franchisor has granted Franchisee the rights under this Agreement in consideration of and reliance upon Franchisee's and its Owners' agreement to deal exclusively with Franchisor in connection with flower arrangements, plants, accessories, preserved roses, designer vases and similar products. Franchisee therefore agrees that, during the Term, neither Franchisee nor any of its Owners, directors or officers, nor any members of Franchisee's or their Extended Families (defined below), will:

(a) have any direct or indirect, controlling or non-controlling Ownership Interest – whether of record, beneficial or otherwise – in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than five percent (5%) of the number of shares of that class of securities issued and outstanding;

(b) perform services as a director, officer, manager, teacher, employee, consultant, representative or agent for a Competitive Business, wherever located or operating;

(c) directly or indirectly loan any money or other thing of value to, or guarantee any other person's loan to, or lease any real or personal property to, any Competitive Business (whether directly or indirectly through any owner, director, officer, manager, employee or agent of any Competitive Business), wherever located or operating; or

(d) divert or attempt to divert any actual or potential business or customer of the Shop to another Competitive Business.

The term "**Competitive Business**" means (1) any flower shop or other business that generates, or is reasonably expected to generate, at least ten percent (10%) of its revenue from the sale of flower arrangements, plants, accessories, preserved roses, designer vases or similar products, whether at wholesale or retail; or (2) an entity that grants franchises or licenses for any of these types of businesses, other than a French Florist Shop operated under a franchise agreement with Franchisor. The term "**Extended Family**" includes the named individual, his or her spouse, all children of the named individual or his or her spouse, and the named individual's parents, siblings, aunts, uncles, nieces, nephews, cousins, grandparents, great-grandparents, grandchildren and great-grandchildren, including "step" or "in-law" relations for the same relationships as applicable.

13. Transfer.

13.A. Transfer by Franchisor. Franchisee represents that it has not signed this Agreement in reliance on any direct or indirect owner's, officer's or employee's remaining with Franchisor in that capacity. Franchisor may change its ownership or form and/or assign this Agreement and any other agreement between Franchisor and Franchisee (or any of Franchisee's owners or affiliates) without restriction. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to Franchisor's interest in it. After Franchisor's assignment of this Agreement to a third party who expressly assumes its obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of Franchisor and novation with respect to this Agreement, and the assignee shall be liable to Franchisee as if it had been an original party to this Agreement.

13.B. Transfer by Franchisee – Defined. Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to its Owners) and that Franchisor has granted Franchisee the rights under this Agreement in reliance upon Franchisor's perceptions of Franchisee's (or its Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither a Control Transfer (defined below) nor a Non-Control Transfer (defined below) may be consummated without Franchisor's prior written approval and satisfying the applicable conditions of this Section 13, subject to Franchisor's right of first refusal under Section 13.H. A transfer of the ownership, possession or control of the Shop or the Operating Assets may be made only with a transfer of this Agreement. Any transfer without Franchisor's approval is a breach of this Agreement and has no effect.

In this Agreement, "**Control Transfer**" means (i) any transfer (as defined below) of this Agreement or any interest in or rights or obligations under this Agreement, or of the Shop or all or substantially all of the Operating Assets; or (ii) any transfer or other transaction, or a series of transfers or other transactions (regardless of the period of time over which they take place), which results in the transfer or creation of a Controlling Ownership Interest in Franchisee, whether directly or indirectly. "**Controlling Ownership Interest**" means either (x) fifty percent (50%) or more of the direct or indirect Ownership Interests in Franchisee, or (y) any Ownership Interest or other direct or indirect right or interest in Franchisee that provides the right, power or authority, whether alone or together with others, to direct and control Franchisee's management and policies. "**Non-Control Transfer**" means the transfer or creation of any direct or indirect Ownership Interest in Franchisee that is not a Control Transfer.

In this Agreement, the term "**transfer**," whether or not capitalized, includes any voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events, whether they impact Franchisee (or its Owners) directly or indirectly:

(1) transfer of record or beneficial ownership of any Ownership Interest or the right to receive all or a portion of Franchisee's profits or losses or any capital appreciation relating to Franchisee or the Shop (whether directly or indirectly);

(2) a merger, consolidation or exchange of Ownership Interests, or issuance of additional Ownership Interests or securities representing or potentially representing Ownership Interests, or a redemption of Ownership Interests;

(3) any sale or exchange of voting interests or securities convertible to voting interests, or any management agreement or other arrangement granting the right to exercise or control the exercise of the voting rights of any Owner or to control Franchisee's or the Shop's operations or affairs or the rights or responsibilities of the Managing Owner;

(4) transfer of a direct or indirect Ownership Interest or other interest in Franchisee, this Agreement, the Operating Assets, or the Shop in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;

(5) if Franchisee or one of its Owners dies, transfer of a direct or indirect Ownership Interest or other interest in Franchisee, this Agreement, the Operating Assets, or the Shop by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(6) the grant of a mortgage, charge, pledge, collateral assignment, lien or security interest in any Ownership Interest or other interest in Franchisee, this Agreement, the Shop or the Operating Assets; foreclosure upon or attachment or seizure of the Shop or any of its Operating Assets; or Franchisee's transfer, surrender or loss of the possession, control or management of all or any material portion of the Shop (or its operation) or Franchisee.

13.C. Conditions for Approval of Non-Control Transfer. Franchisor will not unreasonably withhold its approval of a Non-Control Transfer if:

(1) Franchisee is then in compliance with all of its obligations under this Agreement and all other agreements with Franchisor or its affiliate;

(2) Franchisee provides Franchisor written notice of the proposed transfer and all information Franchisor reasonably requests concerning the proposed transferee, its direct and indirect owners (if the proposed transferee is an Entity) and the transfer at least thirty (30) days before its effective date;

(3) Franchisee and Managing Owner sign a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and its and their respective owners, officers, directors, employees, representatives, agents, successors and assigns;

(4) the proposed transferee and its direct and indirect owners (if the proposed transferee is an Entity) have no direct or indirect Ownership Interest in and do not perform services for a Competitive Business and meet Franchisor's then applicable standards for non-controlling owners of French Florist Shop franchisees;

(5) beginning when the transfer closes, Franchisee's transferring Owners agree to comply with Sections 16.B.(2), 16.C. and 16.D.;

(6) Franchisee pays Franchisor a transfer fee of Two Thousand Five Hundred Dollars ($2,500) to partially cover some of Franchisor's costs and expenses incurred in evaluating the transferee and the transfer (in addition to any other transfer or other fees payable under any Development Rights Agreement, other franchise agreement, or other agreement with Franchisor or its affiliate); and

(7) Franchisee and its Owners sign the form of agreement and related documents (including Guarantees) that Franchisor then specifies to reflect Franchisee's new ownership structure.

13.D. Conditions for Approval of Control Transfer. Subject to Section 13.H., Franchisor will not unreasonably withhold its approval of a Control Transfer if:

(1) Franchisee and its Owners satisfy the conditions in Sections 13.C.(1) through (5);

(2) the transferee (or its direct or indirect owners) and its management personnel, if they are different from Franchisee's management personnel, including any new Managing Owner, General Manager, and Lead Designer, satisfactorily complete Franchisor's then current initial training program applicable to the individual's position, which at Franchisor's option might include both preliminary training before the transfer's closing and additional training after the transfer's closing;

(3) the transferee (if the transfer is of this Agreement) or Franchisee (if the transfer is of a direct or indirect Ownership Interest in Franchisee) agrees to repair and/or replace the Operating Assets and upgrade the Shop and the Site in accordance with Franchisor's then current requirements and specifications for new similarly situated French Florist Shops within the time period that Franchisor specifies following the effective date of the transfer;

(4) the transferee (if the transfer is of this Agreement) or Franchisee (if the transfer is of a direct or indirect Ownership Interest in Franchisee) agrees, at Franchisor's option, to (a) be bound by all terms and conditions of this Agreement for the remainder of the term, or (b) sign Franchisor's then current form of franchise agreement and related documents, which may contain terms and conditions (including the fees) that differ materially from any or all of those in this Agreement, except that the term of such franchise agreement shall be the remaining term of this Agreement;

(5) Franchisee or the transferee pays Franchisor a transfer fee (in addition to any other transfer or other fees payable under any Development Rights Agreement, other franchise agreement, or other agreement with Franchisor or its affiliate) in an amount equal to: (i) $12,500 if the transferee or its affiliates (if the transfer is of this Agreement) or Franchisee's new owners (if the transfer is of a direct or indirect Ownership Interest in Franchisee) do not own, as of the effective date of the transfer, another French Florist Shop; or (ii) $10,000 if the transferee or its affiliates (if the transfer is of this Agreement) or Franchisee's new owners (if the transfer is of a direct or indirect Ownership Interest in Franchisee) own, as of the effective date of the transfer, another French Florist Shop;

(6) Franchisor has determined that the purchase price and payment terms will not adversely affect the operation of the Shop, and if Franchisee or its Owners finance any part of the purchase price, Franchisee and they agree that all obligations under promissory notes, agreements or security interests reserved in the Shop are subordinate to the transferee's obligation to pay all amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement.

If the proposed transfer is to or among Franchisee's Owners or Immediate Family members, then Subsection (5) will not apply, although Franchisee must reimburse Franchisor for the costs Franchisor incurs in the transfer, up to the amount of the aggregate transfer fee payable in connection with the transfer. The term "**Immediate Family**" includes the named individual, his or her spouse, and all children of the named individual or his or her spouse. At Franchisor's sole option, Franchisor may review all information regarding the Shop that Franchisee or its Owners give the transferee and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Shop. Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees (and their direct and indirect owners) and the terms of the proposed transfer, and that Franchisor's contact with potential transferees (and their direct and indirect owners) to protect Franchisor's business interests will not constitute tortious, improper or unlawful conduct.

13.E. Transfer to a Wholly-Owned Entity. Despite Section 13.D., if Franchisee is in full compliance with this Agreement, then upon at least ten (10) days' prior written notice to Franchisor, Franchisee may transfer this Agreement, together with the Operating Assets and all other assets associated with the Shop, to an Entity which conducts no business other than the Shop and, if applicable, other French Florist Shops and of which Franchisee owns and controls one hundred percent (100%) of the equity and voting power of all Ownership Interests, provided that all of the Shop's assets are owned, and the Shop's business is conducted, only by that single Entity. Transfers of direct and indirect Ownership Interests in that Entity are subject to all of the restrictions in this Section 13. Franchisee (including, if Franchisee is a group of individuals, any individual who will not have an Ownership Interest in the transferee Entity), its Owners, and the transferee Entity must sign the form of agreement and related documents (including Guarantees) that Franchisor then specifies to reflect the assignment of this Agreement to the transferee Entity and a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and its and their respective owners, officers, directors, employees, representatives, agents, successors and assigns.

13.F. Death or Disability. Upon Franchisee's or its Owner's death or disability, Franchisee's or the Owner's executor, administrator, conservator, guardian or other personal representative (the "**Representative**") must transfer Franchisee's interest in this Agreement, the Operating Assets and the Shop, or such Owner's direct or indirect Ownership Interest in Franchisee, to a third party whom Franchisor approves. That transfer (including transfer by bequest or inheritance) must occur within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer such interest within this time period is a breach of this Agreement. The term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Owner from supervising Franchisee's or the Shop's management and operation for thirty (30) or more consecutive days.

13.G. Effect of Consent to Transfer. Franchisor's consent to any transfer is not a representation of the fairness of the terms of any contract between Franchisee (or its Owner(s)) and the transferee, a guarantee of the Shop's or transferee's prospects of success, or a waiver of any claims Franchisor has against Franchisee (or its Owners) or of Franchisor's right to demand the transferee's full compliance with this Agreement's terms or conditions.

13.H. Franchisor's Right of First Refusal. If Franchisee or any of its Owners at any time determines to engage in a Control Transfer, whether in one transfer or a series of related transfers, Franchisee agrees to obtain from a responsible and fully disclosed buyer, and send Franchisor, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement and the Shop (and its assets) or a direct or indirect Ownership Interest in Franchisee. To be a valid, bona fide offer, the offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to an interest in this Agreement and the Shop (and its assets) or a direct or indirect Ownership Interest in Franchisee and not to any other interests or assets.

Franchisor may, by delivering written notice to Franchisee within thirty (30) days after Franchisor receives both an exact copy of the offer and all other information it requests, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) Franchisor may substitute cash for any form of consideration proposed in the offer; (2) Franchisor's credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than sixty (60) days after notifying Franchisee of its election to purchase or, if later, the closing date proposed in the offer, provided that Franchisor may delay the closing until it obtains all necessary licenses and permits to operate the Shop; and (4) Franchisor must receive, and Franchisee and its Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or Ownership Interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and Ownership Interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or Ownership Interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Shop or Franchisee's business prior to the closing of Franchisor's purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor approves the transfer as provided in this Section 13. If Franchisee does not complete the sale to the proposed buyer (with Franchisor's approval) within sixty (60) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the offer (which Franchisee must tell Franchisor promptly), Franchisor will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or Franchisor's receipt of notice of the material change in the offer's terms, either on the terms originally offered or the modified terms, at Franchisor's option.

Franchisor may assign its right of first refusal under this Section 13.H. to any Entity (who may be Franchisor's affiliate), and that Entity will have all of the rights and obligations under this Section 13.H.

14. Successor Franchise Rights.

14.A. Exercise of Successor Franchise Right. When this Agreement expires (unless it is terminated sooner), if Franchisee satisfies the conditions of this Section 14, Franchisee will have the right to acquire a successor franchise to continue operating the Shop as a French Florist Shop for a successor franchise term of five (5) years (the "**Successor Term**"). However, Franchisee's right to a successor franchise shall only apply if the following conditions are met:

(1) Franchisee delivers Franchisor written notice of its election to acquire a successor franchise (the "**Successor Franchise Notice**") at least six (6) months, but not more than twelve (12) months, before the end of the Term of this Agreement;

(2) Franchisee has substantially complied with this Agreement throughout the Term and, is, both on the date Franchisee gives Franchisor the Successor Franchise Notice and on the date on which the applicable Successor Term commences, in full compliance with this Agreement, including all System Standards;

(3) Franchisee demonstrates that it has the right to maintain possession of the Site for at least five (5) years following this Agreement's expiration;

(4) on or before the date upon which the applicable Successor Term commences, Franchisee has renovated and/or remodeled the Shop (which may include structural alterations), added or replaced Operating Assets, and otherwise modified the Shop as Franchisor then requires in order to meet Franchisor's then current requirements for new similarly situated French Florist Shops;

(5) Franchisee signs Franchisor's then current form of franchise agreement and related documents to operate the Shop for the Successor Term, the provisions of which (including the fees and the rights in, and geographic area comprising, the Territory) may differ materially from any and all of those contained in this Agreement, modified to reflect the fact it is for a successor franchise, except that the term shall be five (5) years and it shall grant the right to obtain an additional five (5)-year Successor Term (subject to satisfaction of the relevant transfer conditions);

(6) Franchisee pays Franchisor, instead of the initial franchise fee under such successor franchise agreement, the then-current successor franchise fee, currently $10,000; and

(7) Franchisee signs a general release in the form that Franchisor specifies as to any and all claims against Franchisor, its affiliates, and its and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

14.B. Holdover. If this Agreement expires without the grant of a successor franchise and Franchisee fails or refuses to comply with the post-expiration obligations under Section 16, then without limiting Franchisor's other rights and remedies under this Agreement and applicable law, Franchisor may, at its sole option, treat the Term as extended on a week-to-week basis until either Franchisor or Franchisee delivers written notice to the other ending such extension and charge a $**750 per week** "Holdover Fee."

15. Termination of Agreement.

15.A. Termination by Franchisee. Franchisee may terminate this Agreement if Franchisor commits a material breach of any of its obligations under this Agreement and fails to correct such breach within thirty (30) days after Franchisee's delivery of written notice to Franchisor of such breach; provided, however, that if Franchisor cannot reasonably correct the breach within this thirty (30)-day period but provides Franchisee, within this thirty (30)-day period, with reasonable evidence of Franchisor's effort to correct the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period. Franchisee's termination of this Agreement (including by taking steps to de-identify the Shop or otherwise cease operations under this Agreement) other than in accordance with this Section 15.A. is a termination without cause and a breach of this Agreement.

15.B. Termination by Franchisor. Franchisor may, at its option, terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

(1) Franchisee or any of its Owners has made or makes a material misrepresentation or omission in acquiring any of the rights under this Agreement or operating the Shop;

(2) Franchisee, its Owner or any Shop personnel whom Franchisor requires to attend its Initial Training Program does not satisfactorily complete that training;

(3) Franchisee fails to sign a Lease that Franchisor has accepted within five (5) months after the Agreement Date;

(4) Franchisee abandons or fails actively to operate the Shop during the required hours of operation for two (2) or more consecutive calendar days, or for three (3) or more calendar days during any month, unless Franchisee closes the Shop for a purpose Franchisor approves or because of fire or other casualty;

(5) Franchisee surrenders or transfers control of its or the Shop's management or operation without Franchisor's prior written consent;

(6) Franchisee or any of its Owners is convicted by a trial court of, or pleads no contest to, a felony;

(7) Franchisee or any of its Owners engages in any dishonest, unethical or illegal conduct which, in Franchisor's opinion, adversely affects the Shop's reputation, the reputation of other French Florist Shops or the goodwill associated with the Marks;

(8) Franchisee fails to maintain the insurance Franchisor requires from time to time and/or Franchisee fails to provide Franchisor with proof of such insurance as this Agreement requires;

(9) Franchisee interferes with Franchisor's right to inspect the Shop or observe its operation or Franchisor's right to audit Franchisee's books and records;

(10) Franchisee or any of its Owners makes an unauthorized transfer in breach of this Agreement;

(11) any other franchise agreement or other agreement between Franchisor (or any of its affiliates) and Franchisee (or any of its Owners or affiliates), other than a Development Rights Agreement, is terminated before its term expires, regardless of the reason;

(12) Franchisee or any of its Owners, directors or officers (or any members of their Extended Families) breaches Section 12 or knowingly makes any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(13) Franchisee violates any law, ordinance or regulation relating to the ownership or operation of the Shop, or operates the Shop in an unsafe manner, and (if the violation can be corrected) Franchisee does not begin to correct the violation immediately, and correct the violation fully within seventy-two (72) hours, after Franchisee receives notice of the violation from Franchisor or any other party;

(14) Franchisee fails to pay when due any federal, state or local income, sales or other taxes due, or repeatedly fails to make or delays making payments to its suppliers or lenders, unless Franchisee is in good faith contesting its liability for these taxes or payments;

(15) Franchisee or any of its Owners fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any one or more obligations under this Agreement, whether or not any of these failures are corrected after Franchisor delivers written notice to Franchisee and whether these failures involve the same or different obligations under this Agreement;

(16) Franchisee or any of its Owners fails on two (2) or more separate occasions within any six (6) consecutive month period, or on three (3) or more separate occasions within any thirty-six (36) consecutive month period, to comply with the same obligation under this Agreement, whether or not any of these failures are corrected after Franchisor delivers written notice to Franchisee;

(17) Franchisee or any Owner makes an assignment for the benefit of creditors or admits in writing Franchisee's or its insolvency or inability to pay Franchisee's or its debts generally as they become due; Franchisee or any Owner consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of Franchisee's or its property; the Shop or any of the Operating Assets is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of Franchisee, any Owner or the Shop is not vacated within thirty (30) days following the order's entry;

(18) Franchisee fails to pay Franchisor (or its affiliates) any amounts due, whether arising under this Agreement or any other agreement, and does not correct the failure within ten (10) days after Franchisor delivers written notice of that failure to Franchisee;

(19) Franchisee fails to maintain a minimum 4.4 review rating on the Google Business Profile for the Shop and its franchised business and fails to cure and take such corrective action as designated by Franchisor or as otherwise outlined in the System Standards from time to time.

(20) Franchisee fails to comply with any other provision of this Agreement or any mandatory System Standard and does not correct the failure within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee.

The parties acknowledge and agree that Franchisor may agree to extend the cure period or process and designate certain corrective actions in its discretion from time to time without waiving any of its rights to terminate as outlined above.

15.C. Termination of Other Rights. In addition to and without limiting Franchisor's other rights and remedies under this Agreement, any other agreement and applicable law, upon the occurrence of any of the events that give rise to Franchisor's right to terminate this Agreement under Section 15.B. or that gives Franchisor the right to terminate the Development Rights Agreement or any franchise agreement signed pursuant to the Development Rights Agreement, Franchisor may, at its sole option and upon delivery of written notice to Franchisee, elect to take any or all of the following actions without terminating this Agreement:

(1) eliminate Franchisee's rights, and Franchisor's (and its affiliates') obligations, under Section 3.A., after which Franchisor (and its affiliates) may operate, and authorize any other parties to operate a French Florist Shop within the Territory;

(2) temporarily remove information concerning Franchisee or any Franchisee Shop from the System Website and/or stop Franchisee's participation in any other programs or benefits offered on or through the System Website; and/or

(3) temporarily suspend or permanently terminate Franchisee's right to provide Event Service and/or Delivery Service; and/or

(4) temporarily or permanently restrict the geographic area within which Franchisee may provide Event Service and/or Delivery Service; and/or

(5) suspend Franchisee's right to receive any services or support that Franchisor provides to Franchisee under this Agreement or any other agreement, including access to some or all of the Guest Services.

Franchisor's exercise of its rights under this Section 15.C. will not be a defense for Franchisee to Franchisor's enforcement of any other provision of this Agreement or waive or release Franchisee from any of its other obligations under this Agreement. Franchisor's exercise of these rights will not constitute an actual or constructive termination of this Agreement nor be Franchisor's sole or exclusive remedy for Franchisee's default. Franchisee shall continue to pay all fees and otherwise comply with all of its obligations under this Agreement following Franchisor's exercise of any of these rights. If Franchisor exercises any of its rights under this Section 15.C., Franchisor may thereafter terminate this Agreement without providing Franchisee any additional corrective or cure period, unless the default giving rise to Franchisor's right to terminate this Agreement has been cured to its reasonable satisfaction.

16. Rights and Obligations Upon Termination or Expiration.

16.A. Payment of Amounts Owed. Franchisee agrees to pay within ten (10) days after this Agreement expires or is terminated, or on any later date that the amounts due are determined, all amounts owed to Franchisor or its affiliates under this Agreement or any related agreement which then are unpaid.

Franchisee acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Term expires, including lost future Royalty Fees, Technology and Software License Fees, and Brand Fund contributions, lost market penetration and goodwill, loss of representation in the Shop's market area, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another franchisee to develop another French Florist Shop in the Shop's market area (collectively, "**Brand Damages**"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor. Therefore, Franchisee must pay to Franchisor Brand Damages upon termination of this Agreement for any reason except pursuant to Section 15.A. or by mutual written agreement of the parties, within fifteen (15) days after the date of such termination, in a lump sum in an amount equal to the product of: (1) the average monthly Royalty Fees, Technology and Software License Fees, and Brand Fund contributions that Franchisee owed Franchisor during the twelve (12) full calendar month period before the month of termination (or such shorter period during which the Shop operated), multiplied by (2) twenty-four (24) or the number of months then remaining in the Term had it not been terminated, whichever is greater. Franchisee agrees that the liquidated damages calculated under this Section 16.A. represent the best estimate of Franchisor's Brand Damages arising from such termination. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Term's full length. Franchisee acknowledges that its payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement as of the date of termination and to comply strictly with all other provisions of this Section 16. If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, and/or Franchisor's right to receive, the liquidated damages for which Franchisee is obligated under this Section 16.A., then Franchisee shall be liable to Franchisor for any and all Brand Damages that Franchisor incurs, now or in the future, as a result of Franchisee's breach of this Agreement.

16.B. <u>De-Identification</u>. When this Agreement expires or is terminated for any reason:

(1) Franchisee must take any actions that are required to cancel all fictitious or assumed name or equivalent registrations relating to its use of any of the Marks and, at Franchisor's option, to assign to Franchisor (or its designee) or cancel any electronic address, domain name or website, or rights maintained in connection with any search engine or other technology, that directly or indirectly associates Franchisee or the Shop with Franchisor, the Marks, the Franchise System or the network of French Florist Shops;

(2) beginning on the De-identification Date (defined below) or the closing of the acquisition of the Purchased Assets (defined in Section 16.E.) under Section 16.E., Franchisee and its Owners shall not directly or indirectly at any time thereafter or in any manner (except in connection with other French Florist Shops they own and operate): (a) identify itself or themselves or any business as a current or former French Florist Shop or as one of Franchisor's current or former franchisees or licensees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or any other indicia of a French Florist Shop in any

manner or for any purpose, including in or on any advertising or marketing materials, forms, or any website, Social Media or other electronic media; or (c) use for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with Franchisor or the network of French Florist Shops;

(3) within three (3) days after the De-identification Date, Franchisee must remove and deliver to Franchisor (or, at its option, destroy) all exterior and interior signs, Local Marketing and other advertising, marketing and promotional materials, forms and other documents containing any of the Marks or otherwise identifying or relating to a French Florist Shops; and

(4) within ten (10) days after the De-identification Date, Franchisee must make such alterations as Franchisor reasonably specifies to distinguish the Shop and its assets clearly from their former appearance as a French Florist Shop and from other French Florist Shops so as to prevent a likelihood of confusion by the public and otherwise take the steps that Franchisor specifies to de-identify the Shop, including permanently removing all Marks and trade dress from the Shop's walls and altering the Shop's color scheme, layout and other aspects of the trade dress associated with the Franchise System.

Franchisee must provide Franchisor written evidence (including pictures, as applicable) of its compliance with this Section 16.B. upon Franchisor's request. If Franchisee fails to comply with any of its obligations under this Section 16.B., then, without limiting Franchisor's other rights and remedies under this Agreement or applicable law, Franchisor or its designee may take any action that this Section 16.B. requires on Franchisee's behalf and at Franchisee's expense, including by entering the Shop and adjacent areas, without prior notice or liability, to remove the items and/or make the alterations that this Section 16.B. requires. The "**De-identification Date**" means: (i) the closing date of Franchisor's (or assignee's) purchase of the Purchased Assets pursuant to Section 16.E.; or (ii) if that closing does not occur, the date upon which the option under Section 16.E. expires or the date upon which Franchisor provides Franchisee written notice of its decision not to exercise that option, whichever occurs first. If Franchisor or its assignee acquires the Purchased Assets under Section 16.E., then Franchisee's obligations under Sections 16.B.(3) and (4) will be void and of no force or effect.

16.C. Confidential Information. Franchisee agrees that, when this Agreement expires or is terminated, Franchisee and its Owners will immediately cease using any Customer Data and other Confidential Information, whether directly or indirectly through one or more intermediaries, in any business or otherwise and return to Franchisor all copies of the Operations Manual and any other confidential materials that Franchisor has loaned Franchisee.

16.D. Covenant Not To Compete. Upon expiration (without the grant of a successor franchise) or termination of this Agreement for any reason except pursuant to Section 15.A., and except with respect to other franchise agreements with Franchisor then in effect, Franchisee and its Owners agree that, for two (2) years beginning on the effective date of termination or expiration (subject to extension as provided below), neither Franchisee nor any of Franchisee's Owners, nor any members of Franchisee's or their Extended Families, will:

(1) have any direct or indirect, controlling or non-controlling ownership interest in any Competitive Business which is located or providing products to customers at any location: (a) at the Site; (b) within a thirty (30)-mile radius of the Site; or (c) within a thirty (30)-mile radius of any French Florist Shop then operating or under construction on the effective date of the termination or expiration, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than five percent (5%) of the number of shares of that class of securities issued and outstanding; or

(2) perform services as a director, officer, manager, employee, consultant, representative or agent for a Competitive Business which is located or providing products to customers at any location (a) at the Site; (b) within a thirty (30)-mile radius of the Site; or (c) within a thirty (30)-mile radius of any French Florist Shop then operating or under construction on the effective date of the termination or expiration.

The time period during which these restrictions apply will be automatically extended, with respect to all persons covered by this Section 16.D., for each day during which any person covered by this Section 16.D. is not complying fully with this Section 16.D. These restrictions also apply after transfers and other events, as provided in Section 13, and are in addition to the restrictions in Section 16.F. Franchisee (and each of its Owners) acknowledge that Franchisee (and they) possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the covenants made in this Section 16.D. will not deprive Franchisee or them of personal goodwill or the ability to earn a living.

16.E. Franchisor's Right to Purchase Shop Assets.

(1) **Exercise of Option**. Upon termination of this Agreement for any reason (other than Franchisee's termination in accordance with Section 15.A.) or expiration of this Agreement without Franchisor's and Franchisee's signing a successor franchise agreement, Franchisor has the option, exercisable by giving Franchisee written notice within fifteen (15) days after the date of termination or expiration (the "**Exercise Notice**"), to purchase those Operating Assets and other assets used in the operation of the Shop that Franchisor designates (the "**Purchased Assets**"). Franchisor has the unrestricted right to exclude any assets it specifies relating to the Shop from the Purchased Assets and not acquire them. Franchisee agrees to provide Franchisor the financial statements and other information Franchisor reasonably requires, and to allow Franchisor to inspect the Shop and its assets, to determine whether to exercise Franchisor's option under this Section 16.E. If Franchisee or one of its affiliates owns the Site, Franchisor may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at Franchisor's option, lease the Site from Franchisee or that affiliate for an initial five (5)-year term with one (1) renewal term of five (5) years (at Franchisor's option) on commercially reasonable terms. Franchisee (and its Owners) agree to cause Franchisee's affiliate to comply with these requirements. If Franchisee leases the Site from an unaffiliated lessor, Franchisee agrees (at Franchisor's option) to assign the Lease to Franchisor or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

(2) **Operations Pending Purchase**. While Franchisor is deciding whether to exercise its option under this Section 16.E., and, if Franchisor does exercise that option, during the period beginning with its delivery of the Exercise Notice and continuing through the closing of the purchase, Franchisee must continue to operate the Shop according to this Agreement and all System Standards. However, Franchisor may, at any time during that period, enter the Shop's premises and assume the management of the Shop itself or appoint a third party (who may be its affiliate) to manage the Shop. All funds from the operation of the Shop while Franchisor or its appointee assumes the Shop's management will be kept in a separate account, and all of the expenses of the Shop will be charged to that account. Franchisor or its appointee may charge Franchisee (in addition to the amounts due under this Agreement) a management fee equal to the greater of: (a) ten percent (10%) of the Shop's Net Sales during the period of management or (b) One Thousand Dollars ($1,000) per week, plus any direct costs and expenses associated with the management. Franchisor or its appointee has a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses or obligations the Shop incurs, or to any of Franchisee's creditors for any products or services the Shop purchases, while managing it. Franchisee shall not take any action or fail to take any action that would interfere with Franchisor's or its appointee's exclusive right to manage the Shop.

(3) **Purchase Price**. The purchase price for the Purchased Assets (the "**Purchase Price**") will be their fair market value for use in the operation of a Competitive Business at a location other than the Site, but not a French Florist Shop as a going concern, except that the Purchase Price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, Franchisor's brand image, any Confidential Information or Franchisor's other intellectual property rights, or participation in the network of French Florist Shops.

(4) **Appraisal**. If Franchisor and Franchisee cannot agree on the Purchase Price for the Purchased Assets, Franchisor will designate an independent appraiser to determine the Purchase Price for the Purchased Assets. Franchisee and Franchisor will share equally the fees and expenses of the independent appraiser. Franchisor agrees to designate the independent appraiser within fifteen (15) days after Franchisor delivers the Exercise Notice (if Franchisee and Franchisor have not agreed on the Purchase Price before then). Within thirty (30) days after Franchisor delivers the Exercise Notice, each party shall submit its respective calculation of the Purchase Price to the independent appraiser in such detail as the appraiser requests and according to the criteria specified in subparagraph (3). Within ten (10) days after receiving both calculations, the appraiser shall determine and notify Franchisee and Franchisor which of the calculations is the most correct. The appraiser must choose either Franchisee's or Franchisor's calculation, and may not develop its own fair market value calculation. The appraiser's choice shall be the Purchase Price.

(5) **Closing**. Franchisor will pay the Purchase Price at the closing, which will take place within sixty (60) days after the Purchase Price is determined or, if later, on the date upon which Franchisor obtains licenses and permits to operate the Shop. Franchisor may set off against the Purchase Price, and reduce the Purchase Price by, any and all amounts Franchisee owes Franchisor or its affiliates. Franchisor is entitled to all customary representations, warranties and indemnities in its asset purchase, including representations

and warranties as to ownership and condition of, and title to, assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise, and indemnities for all actions, events and conditions that existed or occurred in connection with the Shop or Franchisee's business prior to the closing of the purchase. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor: (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and transfer taxes paid by Franchisee; and (b) all of the Shop's licenses and permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. Franchisee and its Owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and its and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

(6) **Assignment**. Franchisor may assign its rights under this Section 16.E. to any Entity (who may be Franchisor's affiliate), and that Entity will have all of the rights and obligations under this Section 16.E.

16.F. Restriction on Sale of Location. During the Term and for two (2) years beginning on the effective date of expiration (without the grant of a successor franchise) or termination of this Agreement for any reason except pursuant to Section 15.A., and unless the Purchased Assets are acquired under Section 16.E., Franchisee agrees that neither Franchisee nor any of its Owners, nor any of Franchisee's affiliates, will engage in any transfer, lease/sublease or other transaction the result of which is that a Competitive Business (other than the Shop contemplated by this Agreement) is operated at the Site, including by any unaffiliated third party. Franchisee agrees to obtain (and/or to cause its Owners or affiliates to obtain) an agreement from any subtenant, transferee or other party occupying the Site pursuant to or as a result of any arrangement with Franchisee (or its Owner or affiliate) that the Site will not be operated as a Competitive Business during such period.

16.G. Continuing Obligations. All of Franchisor's and Franchisee's (and its Owners') obligations under this Agreement which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

17. **Relationship of the Parties/Indemnification**.

17.A. Independent Contractors. Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between them. Franchisee has no authority, express or implied, to act as the agent of Franchisor or any of its affiliates for any purpose. Franchisee is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Shop and its business, including any personal property, equipment, fixtures or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Shop. Further, Franchisor and Franchisee are not and do not intend to be partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Franchisor (and its affiliates) will not exercise direct or indirect control over the working conditions of Shop personnel, except to the extent such indirect control is related to Franchisor's legitimate interest in protecting the quality of the products and services associated with the Marks. Franchisor (and its affiliates) do not share or codetermine the employment terms and conditions of the Shop's employees and do not affect matters relating to the employment relationship between Franchisee and the Shop's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Franchisee agrees to identify itself conspicuously in all dealings with customers, prospective customers, employees, suppliers, public officials and others as the Shop's owner under a franchise Franchisor has granted and to place notices of independent ownership on the forms, business cards, employment materials, advertising and other materials Franchisor requires from time to time.

17.B. No Liability for Acts of Other Party. Franchisor and Franchisee agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that their relationship is other than franchisor and franchisee. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Shop's operation or the business Franchisee conducts under this Agreement.

17.C. Taxes. Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or the Shop, due to the business Franchisee conducts (except any taxes Franchisor is required by law to collect from Franchisee for purchases from Franchisor and Franchisor's income taxes). Franchisee is responsible for paying these taxes.

17.D. Indemnification and Defense of Claims.

(1) Franchisee agrees to indemnify and hold harmless Franchisor, its affiliates, and its and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (a) the Shop's development or operation; (b) the business Franchisee conducts under this Agreement; (c) Franchisee's breach of this Agreement; (d) Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Shop's construction, design or operation, and including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by Franchisee (or its contractors or any of its or their employees, agents or representatives), or by Franchisor or its affiliates (or its or their contractors or any of its or their employees, agents or representatives), subject to Section 17.D.(3). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants', mediators', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of mediation, litigation, arbitration, or alternative dispute

resolution, regardless of whether mediation, litigation, arbitration, or alternative dispute resolution is commenced.

(2) Franchisee agrees to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 17.D.(1)(a) through (e) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at Franchisee's expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 17.D. (instead of having Franchisee defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses Franchisee is solely responsible, subject to Section 17.D.(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee, and Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 17.D. Franchisee's obligations under this Section 17.D. will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

(3) Despite Section 17.D.(1), Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for, and Franchisor will reimburse Franchisee for, any Losses (including costs of defending any Proceeding under Section 17.D.(2)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employer) or Franchisor's failure to compel Franchisee to comply with this Agreement, which are claims for which Franchisee is not entitled to indemnification pursuant to this Section 17.D.(3). However, nothing in this Section 17.D.(3) limits Franchisee's obligation to defend Franchisor and the other Indemnified Parties under Section 17.D.(2).

18. Enforcement.

18.A. Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary in this Agreement (including in Section 18.F. and 18.G.), each Section, Subsection, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or arbitrator with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and Franchisor agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of termination or of Franchisor's refusal to enter into a successor franchise agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.B. Waiver of Obligations and Force Majeure. Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. But, no interpretation, change, termination or waiver of any of this Agreement's provisions shall be binding upon Franchisor unless in writing and signed by one of Franchisor's officers, and which is specifically identified as an amendment, termination or waiver under this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party hereto to enforce any claim or right hereunder, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation. Any waiver Franchisor grants will be without prejudice to any other rights Franchisor has, will be subject to its continuing review, and may be revoked at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice.

Franchisor and Franchisee will not be deemed to waive or impair any right, power or option this Agreement reserves (including Franchisor's right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice at variance with its terms; Franchisor's or Franchisee's failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including Franchisee's compliance with any System Standard; Franchisor's waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other French Florist Shops; the existence of franchise or license agreements for other French Florist Shops which contain provisions different from those contained in this Agreement; or Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to Franchisor will be a waiver, compromise, settlement or accord and satisfaction. Franchisor is authorized to remove any legend or endorsement, and they shall have no effect.

Neither Franchisor nor Franchisee will be liable for loss or damage or be in breach of this Agreement if its failure to perform obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government which do not arise from a violation or alleged violation of any law, rule, regulation or ordinance; (2) acts of God; (3) fires, strikes, pandemics, epidemics, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalty Fees, Technology and Software License Fees, Brand Fund contributions and other amounts due afterward.

18.C. Costs and Attorneys' Fees. If either Franchisor or Franchisee initiates a legal proceeding in connection with this Agreement or the relationship of the parties hereto, the non-prevailing party in such proceeding shall reimburse the prevailing party for any costs and expenses that the prevailing party incurs, including reasonable accounting, mediators', attorneys', arbitrators' and related fees.

18.D. Applying and Withholding Payments. Despite any designation Franchisee makes, Franchisor may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor (or its affiliates). Franchisor may set-off any amounts Franchisee or its Owners owe Franchisor or its affiliates against any amounts Franchisor or its affiliates might owe Franchisee or its Owners, whether in connection with this Agreement or otherwise. Franchisee may not withhold payment of any amounts owed to Franchisor or its affiliates on the grounds of Franchisor's or their alleged nonperformance of any of its or their obligations under this Agreement or any other agreement.

18.E. Rights of Parties are Cumulative. Franchisor's and Franchisee's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by law to enforce.

18.F. Mandatory Pre-Arbitration Mediation. Except as otherwise provided in this Section, prior to filing any arbitration proceeding to resolve any controversy, dispute, or claim between Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable), and which arise out of or are related to:

(1) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including this Section 18.F.);

(2) the relationship between Franchisor and Franchisee;

(3) the scope and validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including the scope and validity of the mediation and arbitration obligations under this Section 18); or

(4) any System Standard

will be submitted for mediation. All parties must attend and participate in the mediation. It is the intent of the parties that mediation shall be held not later than fourteen (14) days after a written request for mediation shall have been served on the other parties. The mediation will be held before one (1) mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator shall be selected by the American Arbitration Association (the "**AAA**"). The mediation shall not last more than one (1) day and shall be held at a suitable location to be chosen by the mediator which is within ten (10) miles of Franchisor's principal business address at the time that the mediation action is submitted. The mediator has no authority to establish a different mediation location. The mediation shall be governed by the rules of the AAA. If Franchisor and Franchisee do not resolve the dispute through mediation, then thereafter any party may submit the dispute for arbitration, in accordance with Section 18.G. below. The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, any other intellectual property that is part of the Franchise System, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief.

18.G. Arbitration. All controversies, disputes or claims between Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) that cannot be resolved pursuant to mediation in accordance with Section 18.F. above, and which arise out of or are related to:

(1) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including this Section 18.G.);

(2) the relationship between Franchisor and Franchisee;

(3) the scope and validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 18.G., which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court); or

(4) any System Standard

will be submitted for arbitration to the office of the AAA closest to Franchisor's then current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the AAA. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within ten (10) miles of Franchisor's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (i) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (ii) except for punitive, exemplary, treble and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under Section 17.D., Franchisor and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, treble or other forms of multiple damages against the other and agree that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and Franchisee further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with Section 18.C.

Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section 18.G., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section 18.G. or Section 18.A., if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 18.G., then Franchisor and Franchisee agrees that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 18 (excluding this Section 18.G.).

The provisions of this Section 18.G. are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Notwithstanding anything to the contrary contained in this Section 18, Franchisor and Franchisee each have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

The obligation to arbitrate shall not be binding upon either party with respect to claims relating to the Marks, any other intellectual property that is part of the Franchise System, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief.

18.H. Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to:

(1) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates);

(2) the relationship between Franchisor and Franchisee;

(3) the validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); or

(4) any System Standard

will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that any law regulating the sale of franchises, licenses, or business opportunities, governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.H.

18.I. Consent to Jurisdiction. Subject to the mediation and arbitration obligations in this Section 18, Franchisee and its Owners agree that all judicial actions brought by Franchisor against Franchisee or its Owners, or by Franchisee or its Owners against Franchisor, its affiliates or its or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its principal business address at the time that the action is brought. Franchisee and each of its Owners irrevocably submits to the jurisdiction of such courts and waives any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which Franchisee or any of its Owners resides or the Shop is located.

18.J. Waiver of Punitive Damages and Jury Trial. EXCEPT FOR PUNITIVE, EXEMPLARY, TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 17.D., FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR FRANCHISEE'S OWNERS).

18.K. Binding Effect and Amendment. This Agreement is binding upon Franchisor and Franchisee and their respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. Subject to Franchisor's rights to modify the Operations Manual, System Standards and Franchise System, this Agreement may not be amended or modified except by a written agreement signed by both Franchisee and Franchisor.

18.L. Limitations of Claims. EXCEPT FOR CLAIMS (1) RELATING TO THE MARKS OR ANY OTHER INTELLECTUAL PROPERTY THAT IS PART OF THE FRANCHISE SYSTEM OR (2) ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS IT OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WILL BE BARRED UNLESS A MEDIATION, ARBITRATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE PROPER FORUM WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

18.M. Construction. The preambles, schedules, and exhibits are a part of this Agreement which, together with any riders or addenda signed at the same time as this Agreement, constitutes Franchisor's and Franchisee's entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between them relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement and are not binding on Franchisor. Except as provided in Sections 17.D. and 18.G., nothing in this Agreement is intended nor deemed to confer any rights or remedies upon any person or Entity not a party to this Agreement.

References in this Agreement to Franchisor, with respect to all of Franchisor's rights and all of Franchisee's obligations to Franchisor under this Agreement, include any of Franchisor's affiliates with whom Franchisee deals in connection with the Shop. The term "**affiliate**" means any individual or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling the party indicated. "**Control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the rights under this Agreement and the Shop, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several. "**Person**" (whether or not capitalized) means any individual or Entity. The term "**Shop**" includes all of the assets of the French Florist Shop Franchisee operates under this Agreement, including its revenue and income.

The headings of the Sections, Subsections and paragraphs are for convenience only and do not define, limit or construe their contents. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter. This Agreement may be executed by electronic signature and/or in multiple copies, each of which will be deemed an original.

18.N. The Exercise of Franchisor's Judgment. Franchisor has the right to operate, develop and change the Franchise System and System Standards in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and its judgment of what is in the best interests of Franchisor or its affiliates, the French Florist Shop network generally, or the Franchise System at the time its decision is made, without regard to whether it could have made other reasonable or even arguably preferable alternative decisions or whether its decision promotes Franchisor's or its affiliates' financial or other individual interest. Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed, initiated or completed actions that require its approval.

19. Notices and Payments.

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

(1) in the case of Royalty Fees, Brand Fund contributions and other amounts due, at the time Franchisor actually debits Franchisee's account (if Franchisor institutes an automatic debit program for the Shop) or receives such amounts;

(2) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

(3) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid;

and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice and/or, with respect to any approvals or notices that Franchisor provides to Franchisee or its Owners, at the Shop's address. Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

20. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in

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

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

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Agreement Date.

FRANCHISOR:	**FRANCHISEE**
FLORAL FRANCHISING, INC., a Delaware corporation	**(IF ENTITY)**:
	____________________ [Name]
By:____________________	By: ____________________
Name: ____________________	Name: ____________________
Title: ____________________	Title: ____________________
Date: ____________________	Date: ____________________
	(IF INDIVIDUALS):
	____________________ [Signature]
	____________________ [Print Name]
	Date: ____________________
	____________________ [Signature]
	____________________ [Print Name]
	Date: ____________________

SCHEDULE A
to the
FRENCH FLORIST SHOP FRANCHISE AGREEMENT

DATA SHEET AND BASIC TERMS

1. "**Franchisee**" is ____.

If Franchisee is an Entity, identify name of Franchisee Entity: ___________________________________.

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

Franchisee is a (check as applicable):
[ ] sole proprietor
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): __________________________

Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its entity records: Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing ("**Entity Records**").

2. The "**Site**" is ____.

3. The "**Territory**" means the area identified as follows: ______________________ ____.

4. The "**Opening Deadline**" is nine (**9) months** from the Agreement Date.

5. **Site Selection Area**. If Franchisee has not yet located an approved Site as of the Agreement Date, the Site will not be identified until Franchisee finds and Franchisor accepts the Site, as provided in Section 2.A., but Franchisee may look for the Site within the following Site Selection Area:

____
.

6. The "**Opening Date**" is ___________________.

[*Signature Page Follows*]

FRANCHISOR	FRANCHISEE
FLORAL FRANCHISING, INC., a Delaware corporation	**(IF ENTITY)**:
	_______________________________ [Entity Name]
By:_______________________________	By: _______________________________
Name: _______________________________	Name: _______________________________
Title: _______________________________	Title: _______________________________
Date: _______________________________	Date: _______________________________
	(IF INDIVIDUALS):
	_______________________________ [Signature]
	_______________________________ [Print Name]
	Date: _______________________________
	_______________________________ [Signature]
	_______________________________ [Print Name]
	Date: _______________________________

SCHEDULE B
to the
FRENCH FLORIST SHOP FRANCHISE AGREEMENT

OWNERS AND GUARANTORS

OWNERS

The ownership structure for ______________________________ is as follows:

Name:_____________________________________ Address:___________________________________	% of Total Share/Units:__________
Name:_____________________________________ Address:___________________________________	% of Total Share/Units:__________
Name:_____________________________________ Address:___________________________________	% of Total Share/Units:__________
Name:_____________________________________ Address:___________________________________	% of Total Share/Units:__________

OFFICERS/EXECUTIVES:

The officers and principal executives for ____________________________ are as follows:

Name: ________________________________	Title: ________________________________
Name: ________________________________	Title: ________________________________
Name: ________________________________	Title: ________________________________

GENERAL MANAGER:

The General Manager is ________________________________.

LEAD DESIGNER:

The Lead Designer is _______________________________________.

FRANCHISOR	FRANCHISEE
FLORAL FRANCHISING, INC., a Delaware corporation	**(IF ENTITY)**: ________________________________ [Entity Name]
By:________________________________	By: ______________________________
Name: ______________________________	Name: ____________________________
Title: ______________________________	Title: _____________________________
Date: ______________________________	Date: _____________________________
	(IF INDIVIDUALS): ________________________________ [Signature] ________________________________ [Print Name] Date: _____________________________ ________________________________ [Signature] ________________________________ [Print Name] Date: _____________________________

SCHEDULE C
TO THE
FRENCH FLORIST SHOP FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given __________________________, by ________________________________.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by Floral Franchising, Inc. ("**Franchisor**"), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that ______________________________ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement); and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, without limitation, the mediation, arbitration, non-competition, confidentiality, and transfer requirements.

Each of the undersigned acknowledges that he, she or it is either an owner (whether direct or indirect) of Franchisee or otherwise has a direct or indirect relationship with Franchisee or its affiliates; that he, she or it will benefit significantly from Franchisor's entering into the Agreement with Franchisee; and that Franchisor would not enter into the Agreement unless each of the undersigned agrees to sign and comply with the terms of this Guaranty.

Each of the undersigned consents and agrees that: (1) his, her or its direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he, she or it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or any other person or entity; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person or entity, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners or guarantors, and for so long as Franchisor has any cause of action against Franchisee or any of its owners or guarantors; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any direct or indirect interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, or any right to participate in, any security now or hereafter held by Franchisor; and (iv) acceptance and notice of acceptance by Franchisor of his, her or its undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. Franchisor shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Franchisor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, and/or assign the Agreement or the right to receive any sum payable under the Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Agreement.

In addition, the undersigned each waive any defense arising by reason of any of the following: (a) any disability, counterclaim, right of set-off or other defense of Franchisee, (b) any lack of authority of Franchisee with respect to the Agreement, (c) the cessation from any cause whatsoever of the liability of Franchisee, (d) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of its creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (e) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (f) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (g) any act or omission of Franchisee.

If Franchisor is required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses it incurs.

Subject to the mediation and arbitration obligations under the Agreement (with which each of the undersigned agrees to comply) and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its principal business address at the time that the action is brought. Each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he, she or it might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he, she or it is domiciled or has assets. EACH OF THE UNDERSIGNED IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING UNDER OR RELATING TO THIS GUARANTY OR ITS ENFORCEMENT.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN FRANCHISEE**
______________________________ [Signature]	______________________________%
______________________________ [Print Name]	
______________________________ [Signature]	______________________________%
______________________________ [Print Name]	
______________________________ [Signature]	______________________________%
______________________________ [Print Name]	
______________________________ [Signature]	______________________________%
______________________________ [Print Name]	

SCHEDULE D
TO THE
FRENCH FLORIST SHOP FRANCHISE AGREEMENT

KEY PERSONNEL AGREEMENT

THIS KEY PERSONNEL AGREEMENT ("**Key Personnel Agreement**") is made and entered into as of this ______ day of ____________________ , 20__, regardless of the date of the parties' signatures, between Floral Franchising, Inc. ("**Franchisor**"), and the individuals and/or entities whose names and signatures appear below (collectively, the **"Key Personnel"** or, individually, a **"Key Person"**).

1. Franchisor and ________________________ ("**Franchisee**") have signed, or are considering signing, a Franchise Agreement under which Franchisor will grant Franchisee the right to develop and operate a French Florist Shop in __________________________ (the "**Agreement**"). All capitalized terms used but not defined in this Key Personnel Agreement shall have the meanings in the Agreement. Each Key Person acknowledges that (a) he, she or it is an owner (whether direct or indirect) of Franchisee or otherwise has a direct or indirect relationship with Franchisee or its affiliate; (b) he, she or it will benefit significantly from Franchisor's entering into the Agreement with Franchisee, and (c) Franchisor would not enter into or will not enter into (as applicable) the Agreement unless each Key Person agrees to sign and comply with the terms of this Key Personnel Agreement.

2. Each Key Person agrees, on behalf of himself, herself or itself and not on behalf of any other Key Person, that:

(a) during the period of his, her or its association with Franchisee, Key Person agrees to be personally bound by and comply with Sections 6.F., 11.C. and 12 of the Agreement;

(b) if Key Person is an Owner, Key Person agrees to be personally bound by and comply with Sections 13.B., 13.C., 13.D., 13.F. and 13.H. of the Agreement;

(c) beginning with the date upon which the Agreement expires or terminates or the date upon which Key Person has no further association with Franchisee (whether as an Owner, officer, manager and/or key employee or otherwise), whichever is earlier, Key Person agrees to be personally bound by and comply with Sections 16.B.(2) and 16.D. of the Agreement; and

(d) during the period beginning on the date of this Key Personnel Agreement and ending on the date upon which these obligations are satisfied in full or by their nature expire, Key Person agrees to be personally bound by and comply with Section 11.A. of the Agreement.

3. Each Key Person represents and warrants to Franchisor that he, she or it has reviewed the Agreement and understands the obligations arising under this Key Personnel Agreement. The obligations described the Sections of the Agreement listed above shall apply to

each Key Person pursuant to this Key Personnel Agreement, regardless of whether those obligations (as they appear in the Agreement) are imposed upon Franchisee, its Owners, or both, as if Key Person were the Franchisee under the Agreement. The liabilities and obligations arising under Section 2 of this Key Personnel Agreement are independent liabilities and obligations of each Key Person and are not contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee, any other Key Person, or any other person or entity. The liabilities and obligations arising under Section 2 of this Key Personnel Agreement will not be diminished, relieved, or otherwise affected by any extension of time or credit, the acceptance of any partial payment or performance, or the compromise or release of any claims.

4. Each provision of this Key Personnel Agreement is severable, and if any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or regulation, the other portions of this Key Personnel Agreement that remain otherwise intelligible will continue to be given full force and effect and bind the parties. If any covenant is deemed unenforceable by virtue of its scope, but would be enforceable by reducing any part or all of it, the parties agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Any waiver of any Key Person's obligations under this Key Personnel Agreement must be in writing to be enforceable and will be without prejudice to any other rights Franchisor may have. Franchisor's failure to enforce any of the provisions of this Key Personnel Agreement is not a waiver of such provision.

5. This Key Personnel Agreement, together with the Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Key Personnel Agreement. This Key Personnel Agreement may be executed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Key Personnel Agreement may be amended or modified only by written agreement signed by the party to be bound.

6. All controversies, disputes or claims arising out of or related to this Key Personnel Agreement or the relationship between any Key Person and Franchisor will be governed by the laws of the State of California, without regard to its conflict of laws rules. If Franchisor is required to enforce this Key Personnel Agreement in a judicial proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any Key Person to comply with this Key Personnel Agreement, that Key Person shall reimburse Franchisor for any of the above-listed costs and expenses is incurs.

7. Subject to the mediation and arbitration obligations under the Agreement and the provisions below, each Key Person agrees that all actions arising under this Key Personnel Agreement or the Agreement, or otherwise as a result of the relationship between Franchisor and each Key Person, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city where Franchisor maintains its principal business address

at the time that the action is brought. Each Key Person irrevocably submits to the jurisdiction of those courts and waives any objection he, she or it might have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or this Key Personnel Agreement, in any court in the jurisdiction in which the applicable Key Person resides or any of his, her or its assets are located. EACH KEY PERSON IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR KEY PERSON.

IN WITNESS WHEREOF, the parties have executed and delivered this Key Personnel Agreement effective on the date stated on the first page above.

FRANCHISOR:

FLORAL FRANCHISING, INC., a Delaware corporation

By:_________________________________

Name: ______________________________

Title: _______________________________

Date: _______________________________

KEY PERSON:

____
[Signature]

____
[Print Name]

____
[Position]

____
[Signature]

____
[Print Name]

____
[Position]

____
[Signature]

____
[Print Name]

____
[Position]

VETERAN AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of ________________________________ (the "**Agreement Date**"), regardless of the date of the parties' signatures, between **FLORAL FRANCHISING, INC.**, a Delaware corporation with its principal business address at 8658 W. Pico Boulevard, Los Angeles, California 90035 ("**Franchisor**"), and ________________________, whose principal business address is ___________________________________ ("**Franchisee**").

WITNESSETH

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement of even date herewith with respect to the operation of a retail flower shop business and other related services (hereinafter "the Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed to amend the Franchise Agreement as set forth herein to provide certain discounts to Franchisee based upon Franchisee's (or Franchisee's owner's) status as a United States Veteran as a condition to entering into the Franchise Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Section 5.A of the Franchise Agreement is hereby amended by adding the following provision to that section:

   > "Based upon the status of Franchisee['s spouse], where Franchisee is an individual, or the status of Franchisee's owner where Franchisee is a business entity, as an honorably discharged Veteran of a branch of the United States armed forces, Franchisor hereby reduces Franchisee's Initial Franchise Fee by 10% to ________________ Dollars ($________.00)."

2. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

3. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Agreement Date.

<u>FRANCHISOR:</u>	**<u>FRANCHISEE</u>**
FLORAL FRANCHISING, INC., a Delaware corporation	**(IF ENTITY)**:
	______________________________ [Name]
By:______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________
	(IF INDIVIDUALS):
	______________________________ [Signature]
	______________________________ [Print Name]
	Date: ______________________________
	______________________________ [Signature]
	______________________________ [Print Name]
	Date: ______________________________

LEASE RIDER

This Rider and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the “Lease”), between (“Tenant”) and (“Landlord”), for the real property described therein (the “Premises”). The provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1) **Acknowledgement of Franchise Relationship.** Landlord acknowledges that Tenant intends to operate a “French Florist” Flower Shop (a “Flower Shop”) in the Premises, and that Tenant’s rights to operate a flower shop and to use the French Florist name, trademarks, and service marks (the “Marks”) are solely pursuant to a franchise agreement (“Franchise Agreement”) between Tenant and Floral Franchising, Inc. dba French Florist (“Franchisor”). Tenant’s operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Landlord agrees not to take an action that would prohibit Tenant from operating the Flower Shop at the Premises, as contemplated by the Franchise Agreement and Franchisor’s operational requirements and brand standards from time to time.

2) **Consent to Collateral Assignment to Franchisor.** Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant’s interest in this Lease to Franchisor to secure Tenant’s obligations to Franchisor under the Franchise Agreement, (ii) Franchisor’s succeeding to Tenant’s interest in the Lease as a result of Franchisor’s exercise of rights or remedies under such collateral assignment or as a result of Franchisor’s termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant’s, Franchisor’s and/or any other franchisee of Franchisor’s assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. In the event Franchisor or other permitted assignee takes possession of the Premises and confirms to Landlord in writing its assumption of the Lease as tenant, Landlord shall recognize such party as tenant under the Lease, provided that such party cures any defaults of Tenant then existing under the Lease within 30 days after written notice. Tenant and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor notifies Landlord and Tenant in writing that Franchisor assumes Tenant’s obligations under the Lease. Landlord agrees that to the extent Franchisor becomes Tenant, for howsoever brief a period, upon assumption of lease pursuant to this provision, that simultaneously with any subsequent assignment to another party, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment; provided, that neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor, unless otherwise agreed by Landlord.

3) **Tenant's Signage.** Landlord agrees to allow Tenant to use Franchisor's standard interior and exterior signage and designs to the maximum extent permitted by local governmental authorities, This right includes the ability to update signage and trade dress to match Franchisor's then-current brand standards without additional consent. Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Premises is located and shall be permitted to install a standard sign thereon approved by Franchisor, including without limitation Franchisor's logo. Landlord hereby grants and approves Tenant the right to display the Marks at the Premises, subject only to the provisions of applicable law.

4) **Notice and Cure Rights to Franchisor.** Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing on receipt thereof by Franchisor, Franchisor shall have fifteen (15) additional days to the established cure period as is given to Tenant under the Lease for such default to cure such defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows: Floral Franchising, Inc. dba French Florist, 8658 W. Pico Boulevard, Los Angeles, California 90035, with a copy to franchise@frenchflorist.com.

5) **Fixtures and Signage.** Any lien of Landlord in Tenant's trade fixtures, 'trade dress', signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items as described in the Franchise Agreement. On request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access. Landlord shall not interfere with Franchisor's de-identification process following any franchise termination or expiration.

6) **Third-Party Beneficiary.** Franchisor is a third-party beneficiary of the terms of this Rider, or any other terms of the Lease applicable to Franchisor's rights under the Lease, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

7) **Franchisor Right to Enter.** Landlord acknowledges and agrees that Franchisor or its designee may enter the Premises for all purposes permitted under the terms of the Franchise Agreement, including to inspect the Premises and the Flower Shop's operations, to manage the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the location), or to remove any décor, materials, trade fixtures or signage and other brand identifiers upon termination or expiration of the Franchise Agreement. If Franchisor enters the Premises for any such purposes, it will do so without assuming any liability under the Lease.

8) **Confidential Information**. Landlord agrees that during and after the term of the Lease, it will not disclose or use Confidential Information (as defined below) for any purpose other than fulfilling its obligations under the Lease. "Confidential Information" means all non-public information regarding the design and operations of the business, including floor plans, equipment, trade dress, layout, formulas, suppliers, and other proprietary elements. All Confidential Information belongs

exclusively to Franchisor. Breach of this provision will cause irreparable harm, entitling Franchisor to injunctive relief in addition to other remedies.

9) **Amendments.** Tenant agrees that neither the Lease nor this Rider may be amended by the parties thereto without the prior written consent of Franchisor.

10) **Successors and Assigns.** All of Franchisor's rights, privileges and interests under this Rider and the Lease shall inure to the benefit of Franchisor's successors and assigns. All provisions in this Rider applicable to Tenant and Landlord shall be binding on any successor or assign of Tenant or Landlord under the Lease.

11) **Execution.** This Rider may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement with the Lease. This Rider and all other documents related to this Rider may be executed by manual or electronic signature.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD:	**TENANT:**
Title: ___________________________	Title: ___________________________
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ___________________________

EXHIBIT C

DEVELOPMENT RIGHTS AGREEMENT

FRENCH FLORIST® SHOP
<u>DEVELOPMENT RIGHTS AGREEMENT</u>

THIS DEVELOPMENT RIGHTS AGREEMENT (the "**Agreement**") is made and entered into as of this ______ __________________ (the "**Agreement Date**"), regardless of the date of the parties' signatures, between FLORAL FRANCHISING, INC., a Delaware corporation with its principal business address at 8658 W. Pico Boulevard, Los Angeles, California 90035 ("**Franchisor**") and ____________________________, whose principal business address is ___________________________________ ("**Developer**").

1. **<u>Background</u>**. Franchisor and Developer (or its Controlled Affiliate, as defined below) are simultaneously signing a Franchise Agreement dated as of _______________ (the "**Initial Agreement**") under which Developer (or its Controlled Affiliate) will operate a French Florist Shop (the "**First Developer Shop**") in or at ______________________. All capitalized terms used but not defined in this Agreement shall have the meanings in the Initial Agreement. Franchisor and Developer are signing this Agreement to provide Developer the right and obligation to develop a number of French Florist Shops within a certain geographic area over a certain period of time. Franchisor is willing to grant Developer these development rights if Developer complies with the terms of this Agreement.

2. **<u>Grant of Development Rights</u>**. Subject to Developer's (and its affiliates') compliance with this Agreement, the Initial Agreement, and all other franchise and other agreements between Franchisor (or its affiliate) and Developer (or its affiliate) (collectively, the "**Related Agreements**"), Franchisor hereby grants Developer and/or any of Developer's approved Controlled Affiliates (defined below) the right, and Developer assumes the obligation, to sign Franchise Agreements (defined in Section 6) to develop and operate the number of French Florist Shops identified on <u>Schedule A</u> (including the First Developer Shop, collectively, the "**Developer Shops**") according to a development schedule identified on <u>Schedule A</u> (the "**Development Schedule**"), and within a geographic area identified on <u>Schedule B</u> (the "**Development Area**"). "**Controlled Affiliate**" means any corporation, limited liability company or other Entity of which Developer owns one hundred percent (100%) of the total authorized Ownership Interests.

3. **<u>No French Florist Shops in Development Area</u>**. If Developer is complying with this Agreement, and Developer and its affiliates are fully complying with all of the Related Agreements, then during the term of this Agreement only, neither Franchisor nor its affiliates will operate, or authorize any other party to operate, a French Florist Shop the physical premises of which are located within the Development Area, except for franchises Franchisor grants to Developer and its approved Controlled Affiliates . Franchisor (and any affiliates that Franchisor might have from time to time) shall at all times have the right to engage in any activities Franchisor or they deem appropriate that are not expressly prohibited by this Agreement,

whenever and wherever Franchisor or they desire, including, without limitation, those which Franchisor now reserves in Section 3.B of the Initial Agreement. Upon expiration or termination of this Agreement, Franchisor (and its affiliates) may operate, and authorize any other parties to operate, French Florist Shops the physical premises of which are located within the Development Area and engage, and allow others to engage, in any other activities Franchisor desires within and outside the Development Area without any restrictions whatsoever, subject only to Developer's (or its Controlled Affiliate's) rights under then existing franchise agreements with Franchisor.

4. **Development Fee**. Simultaneously with signing this Agreement, Developer must pay Franchisor a "**Development Fee**" of _____________ Dollars ($_________). The Development Fee is the aggregate amount stated in the FDD and Schedule A based on the number of Developer Shops Developer commits to develop. The Development Fee is fully earned by Franchisor when Franchisor and Developer sign this Agreement and is non-refundable, even if Developer does not comply with the Development Schedule, although Franchisor will apply the Development Fee as provided in Section 6.

5. **Development Obligations**. To maintain its rights under this Agreement, Developer (and/or approved Controlled Affiliates) must, for each Developer Shop: (a) sign a Franchise Agreement on or before the applicable date set forth on the Development Schedule (the "**FA Signing Deadline**"); and (b) open and begin operating the Developer Shop in accordance with the applicable Franchise Agreement on or before the applicable date set forth on the Development Schedule (the "**Shop Opening Deadline**"). Time is of the essence under this Agreement. If Developer wants to request a thirty (30)-day extension of the FA Signing Deadline and/or the Shop Opening Deadline for any Developer Shop, Developer must submit a written request and a Two Thousand Five Hundred Dollar ($2,500) extension fee to Franchisor before the applicable deadline. If Franchisor grants the extension, the extension fee will be non-refundable. If Franchisor denies the extension, Franchisor will refund the extension fee. Nothing in this Section 5 requires Franchisor to grant any extension.

6. **Form of Franchise Agreement**. The franchise agreement and related documents that Developer (or its Controlled Affiliate) signs for each Developer Shop (other than the First Developer Shop) will be the form of franchise agreement and any ancillary agreements that Franchisor then customarily uses in granting franchises for French Florist Shops (collectively, the "**Franchise Agreement**"), any or all of the terms of which may differ substantially from the terms contained in the Initial Agreement, except that, for each Franchise Agreement the initial franchise fee will be considered paid in full, so long as Developer has paid to Franchisor the Development Fee outlined in this Agreement. To retain Developer's rights under this Agreement, each Developer Shop must operate continuously throughout the term of this Agreement.

7. **No Sublicensing Rights or Rights to Use Marks**. This Agreement does not grant Developer any right to license others to operate French Florist Shops. Only Developer (and its approved Controlled Affiliates) may develop French Florist Shops pursuant to this Agreement and only under Franchise Agreements with Franchisor. This Agreement does not grant Developer any right to use, or authorize others to use, the Marks in any manner. Developer's right to use the Marks arises only under Franchise Agreements with Franchisor. Franchisor or its affiliate owns all rights to the Marks, and Developer's unauthorized use of the Marks is an infringement of Franchisor's and/or its affiliate's rights and a breach of this Agreement.

8. **Site Acceptance**. To propose a site for each Developer Shop, Developer must deliver to Franchisor for Franchisor's review a complete site report and other materials and information Franchisor requests (collectively, the "**Site Report**") for a suitable site within the Development Area. Each Developer Shop must be located at a site that Franchisor has accepted. Franchisor will not unreasonably withhold its acceptance of a site that meets its then-current criteria for demographic characteristics; access; traffic patterns; parking; visibility; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; the proposed site's size, appearance, and other physical characteristics; and any other factors Franchisor deems appropriate. In determining whether to accept or reject a proposed site, Franchisor also may consider the site's proximity both to the Development Area's boundaries and to other existing or potential sites for French Florist Shops located outside the Development Area. Franchisor will use reasonable efforts to review and either accept or reject a site Developer proposes within thirty (30) days after receiving the complete Site Report.

Despite any assistance, information or recommendations that Franchisor provides with respect to any site, Franchisor has made and will make no representations or warranties of any kind, express or implied, of the suitability of any site for a French Florist Shop or any other purpose. Franchisor's recommendation or acceptance of a site indicates only that Franchisor believes that the site meets or has the potential to meet, or that Franchisor has waived, the general criteria of site acceptability that Franchisor has established as of that time. Applying criteria that have appeared effective for other sites might not accurately reflect the potential for all sites, and, after Franchisor recommends or accepts a site, demographic and/or other factors included in or excluded from Franchisor's site criteria could change, thereby altering a site's potential. The uncertainty and instability of these criteria are beyond Franchisor's control, and Franchisor is not responsible if any site fails to meet Franchisor's or Developer's expectations. Developer's acceptance of the rights under this Agreement is based on Developer's agreement to investigate the suitability of each site.

If Franchisor has not accepted Developer's (or its Controlled Affiliate's) proposed site for any Developer Shop as of the date the Developer (or its Controlled Affiliate) signs the Franchise Agreement for the development and operation of such Developer Shop, the site selection provisions of the applicable Franchise Agreement shall govern Franchisor's and Developer's (or its Controlled Affiliate's) rights and obligations with respect to selection and acceptance of that site.

9. **Grant of Franchises**. Developer or its approved Controlled Affiliate (and Developer's or its owners) must sign a separate Franchise Agreement and related documents for each Developer Shop. If Developer or its Controlled Affiliate (and Developer's or its owners) do not sign a separate Franchise Agreement within the time periods set forth in the Development Schedule, or do not open and begin operating the Developer Shop under that Franchise Agreement within the time periods set forth in the Development Schedule, then Franchisor may terminate this Agreement according to Section 12. After Developer (or its Controlled Affiliate) signs the Franchise Agreement and related documents, their terms and conditions will control the development and operation of the Developer Shop.

10. **Confidentiality and Non-Competition**. Sections 11.A, 11.C and 12 of the Initial Agreement, entitled "Confidential Information," "Innovations" and "Exclusive Relationship," are incorporated by reference in this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure that the Developer Owners (defined below) comply, with the provisions of Sections 11.A, 11.C and 12 of the Initial Agreement applicable to Franchisee. "**Developer Owner**" means any individual or Entity holding a direct or indirect Ownership Interest (whether of record, beneficially, or otherwise) in Developer.

11. **Term and Termination**. The term of this Agreement begins on the Agreement Date and ends on the date when the final Franchise Agreement under the Development Schedule has been signed or this Agreement otherwise is terminated under Section 12, whichever occurs first.

12. **Termination**. Without limiting Franchisor's termination and other rights under any other Related Agreement or applicable law, Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Developer, if:

(a) Developer or any of the Developer Owners has made or makes any material misrepresentation or omission in acquiring the rights under this Agreement or operating the business under this Agreement;

(b) Developer or any of the Developer Owners either (i) engages in any dishonest, unethical or illegal conduct which, in Franchisor's reasonable opinion, adversely affects or might adversely affect the reputation of Developer's business, the reputation of other French Florist Shops or the goodwill associated with the Marks, or (ii) is convicted by a trial court of or pleads no contest to a felony;

(c) Developer or any of the Developer Owners breaches any provision of this Agreement, including, without limitation, any failure to comply with the Development Schedule; or

(d) Developer or any of its Controlled Affiliates breaches or is in default under, or Franchisor (or its affiliate) terminates for any reason, any other Related Agreement.

13. **Termination of Other Rights**. In addition to and without limiting Franchisor's other rights and remedies under this Agreement, any other Related Agreement and applicable law, upon the occurrence of any of the events that give rise to Franchisor's right to terminate this Agreement under Section 12, Franchisor may, at its sole option and upon delivery of written notice to Developer, elect to take any or all of the following actions without terminating this Agreement:

(a) temporarily suspend or permanently terminate Developer's right to develop new French Florist Shops in any geographic area that is part of the Development Area, in which event (i) Developer's rights and the restrictions on Franchisor's and its affiliates under Section 3 of this Agreement shall no longer apply in that geographic area, and (ii) Franchisor (and its affiliates) may operate, and authorize any other parties to operate, French Florist Shops the physical premises of which are located within that geographic area and engage, and allow others to engage, in any other activities Franchisor desires within that geographic area without any restrictions whatsoever, subject only to Developer's (or its Controlled Affiliate's) rights under then existing franchise agreements with Franchisor; and/or

(b) reduce the number of remaining Developer Shops to be developed under the Development Schedule, in which event Developer shall comply with the reduced Development Schedule that Franchisor provides in its written notice. For the avoidance of doubt, upon Franchisor's exercise of its rights under this Section 13(b), Franchisor is not required to refund any portion of the Development Fee paid with respect to the Developer Shops that Developer is no longer permitted or required to develop, nor required to apply any of that portion of the Development Fee towards the initial franchise fee payable under Franchise Agreements that Developer (or its Controlled Affiliate) signs thereafter.

Franchisor's exercise of its rights under this Section 13 will not be a defense for Developer to Franchisor's enforcement of any other provision of this Agreement or any other Related Agreement or, except as provided in Section 13(b), waive or release Developer from any of its other obligations under this Agreement or any Related Agreement. Franchisor's exercise of these rights will not be Franchisor's sole or exclusive remedy for Developer's default.

14. **Transfer by Franchisor**. Developer represents that it has not signed this Agreement in reliance on any affiliate's, owner's, officer's or employee's remaining with Franchisor in that capacity. Franchisor may change its ownership or form and/or assign this Agreement without Developer's consent or any other restriction. This Agreement will inure to the benefit of any transferee or other legal successor to Franchisor's interest in it. After Franchisor's assignment of this Agreement to a third party who expressly assumes Franchisor's obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of Franchisor and novation with respect to this Agreement, and the assignee shall be liable to Developer as if it had been an original party to this Agreement.

15. **Ownership of and Transfer by Developer**.

(a) If Developer is an Entity, Developer represents and warrants that Schedule C to this Agreement completely and accurately describes all Developer Owners and the Ownership Interests of each Developer Owner.

(b) Developer acknowledges that the rights and duties this Agreement creates are personal to Developer and the Developer Owners and that Franchisor has granted Developer the rights under this Agreement in reliance upon Franchisor's perceptions of the character, skill, aptitude, business ability and financial capacity of Developer and the Developer Owners. These rights are personal to Developer and the Developer Owners. Therefore, Developer and the Developer Owners agree that neither Developer nor any of the Developer Owners may transfer this Agreement or any of the Ownership Interests in Developer (whether directly or indirectly) without Franchisor's prior written approval, which Franchisor may grant or withhold for any or no reason.

16. **Incorporation of Other Terms**. Sections 17 and 18 of the Initial Agreement, entitled "Relationship of the Parties/Indemnification" and "Enforcement," respectively, including (without limitation) the provisions relating to arbitration of disputes, are incorporated by reference in this Agreement and will govern all aspects of Franchisor's relationship and the construction of this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure the Developer Owners comply, with the provisions of Sections 17 and 18 of the Initial Agreement applicable to Franchisee. This Agreement, together with the Initial Agreement, supersedes all prior agreements and understandings, whether oral and written, between the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements between the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative. This Agreement may be signed by written or electronic signature

and in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

17. **No Waiver or Disclaimer of Reliance in Certain States**. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

(Signature page follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Agreement Date stated on the first page above.

FRANCHISOR

FLORAL FRANCHISING, INC., a Delaware corporation

By:________________________________
Name: ____________________
Title: _____________________

Date: ____________________, 20___

DEVELOPER

(IF ENTITY):

____
[Name]

By:________________________________
Name:__________________________
Title:___________________________

Date: ____________________, 20___

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date: ____________________, 20___

SCHEDULE A
TO DEVELOPMENT RIGHTS AGREEMENT

DEVELOPMENT SCHEDULE

Developer or its Controlled Affiliates must sign Franchise Agreements for French Florist Shops on or before the dates listed in the FA Signing Deadline column below, and must develop, open and begin operating the Developer Shops pursuant to the Initial Agreement and those other Franchise Agreements on or before the dates listed in the Cumulative Number of Developer Shops Open and Operating by the Shop Opening Deadline column below.

FA Signing Deadline	**Shop Opening Deadline**	**Cumulative Number of Developer Shops Open and Operating by the Shop Opening Deadline**
Agreement Date (for Initial Agreement)		1

Note If Franchisor agrees in writing to an extension of the FA Signing Deadline and/or Shop Opening Deadline for a particular Developer Shop pursuant to Section 5, then the extended deadline(s) shall be substituted for the deadline(s) specified in this table.

(*Signature page follows*)

<u>FRANCHISOR</u>

FLORAL FRANCHISING, INC., a Delaware corporation

By:________________________________
Name: ____________________
Title: _____________________

Date: ____________________, 20___

<u>DEVELOPER</u>

(IF ENTITY):

____
[Name]

By:________________________________
Name:___________________________
Title:____________________________

Date: ____________________, 20___

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date: ____________________, 20___

SCHEDULE B
TO DEVELOPMENT RIGHTS AGREEMENT

DEVELOPMENT AREA

The Development Area is defined as the entire territory encompassed by ____________________ in the State of ____________, as the boundaries of that territory exist on the Agreement Date.

FRANCHISOR

FLORAL FRANCHISING, INC., a Delaware corporation

By:________________________________
Name: ____________________
Title: _____________________

Date: ________________________

DEVELOPER

(IF ENTITY):

____
[Name]

By:_________________________________
Name:___________________________
Title:____________________________

Date: ________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date: ____________________, 20___

SCHEDULE C
TO DEVELOPMENT RIGHTS AGREEMENT

DEVELOPER OWNERS

Effective Date: This Schedule C is current and complete as of ________________

1. **Form of Developer**. Developer was incorporated or formed on __________________, under the laws of the State of _____________. Developer has not conducted business under any name other than Developer's corporate, limited liability company, or partnership name and _____________________. The following is a list of Developer's directors or managers (if applicable) and officers as of the effective date shown above:

Name	**Position(s) Held**
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

2. **Owners**. The following list includes the full name of each person who is one of Developer's direct or indirect Owners and fully describes the nature of each Owner's interest (attach additional pages if necessary).

Owner's Name	**Description of Interest**
(a) .	______________________________
(b) .	______________________________
(c) .	______________________________
(d) .	______________________________

(*Signature page follows*)

FRANCHISOR

FLORAL FRANCHISING, INC., a Delaware corporation

By:________________________________
Name: ____________________
Title: _____________________

Date: ____________________, 20___

DEVELOPER

(IF ENTITY):

____
[Name]

By:________________________________
Name:___________________________
Title:___________________________

Date: ____________________, 20___

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date: ____________________, 20___

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT E

LIST OF FRANCHISEES

Franchisees Opened as of December 31, 2025

Location	**Name**	**Business Address**	**Phone**
Scottsdale, AZ	Arizona Bloomz, LLC Ronny Lee Record, Jr.	6501 E. Greenway Pkwy Scottsdale, AZ 85254	480-573-0396
El Segundo, CA (Conversion)	Petals&Pine, LLC Kevin & Emily Atmore	345 Richmond Street El Segundo, CA 90245	310-640-9932
Mission Viejo, CA	OC Blossom, Inc. Alan Fu and Annie Hong	24000 Alicia Parkway, Suite 7 Mission Viejo, CA 92691	949-922-8608
Orange, CA	The Little Flower, Inc. Lisa and David Rezner	3624 E Chapman Ave Orange, CA 92869	714-401-9968, 949-678-3570
San Diego, CA	Jaya Quinn Flowers, LLC Arun and Martrina Gajendran	2233 1st Avenue San Diego, CA 92101	760-696-1265, 925-895-9321
San Francisco, CA	Sopris Flowers, LLC Yaz AbouSaleh and Sam Suri	1127 Irving St. San Francisco, CA 94122	513-600-3864, 925-549-1811
Sonoma, CA	Lucia Blu Ventures, Inc. Mike Hengehold and Sue Albano	1270 Broadway Sonoma, CA 95476	415-516-1275, 707-799-5959
Indianapolis, IN	Legacy Blooms North Indy, LLC Joe Viater & Kadi Miller	1514 West 86th Street Indianapolis, IN 46260	317-709-1663

Affiliate-Owned Units Opened as of December 31, 2025

Location	**Name**	**Business Address**	**Phone**
Costa Mesa, CA	French Florist Holdings Co.	1741 Newport Blvd. Costa Mesa, CA 92627	949-535-3088
Los Angeles, CA	French Florist Holdings Co.	8658 West Pico Blvd Los Angeles, CA 90035	310-659-7700
Westlake Village, CA	French Florist Holdings Co.	4643 Lakeview Canyon Rd Westlake Village, CA 91361	818-336-9220

Franchisees Opened after December 31, 2025 as of March 31, 2026

Location	Name	Business Address	Phone
Boca Raton, FL	Ryan & Samantha Garvey	5601 N Federal Hwy, #9 Boca Raton, FL 33487	410-443-2483 818-585-0043
Port Chester, NY	Dana & Calin Crisan	604 North Main Street Port Chester, NY 10573	203-893-5070
Dallas, TX	Jarrett & Brinley Andrews	5400 E. Mockingbird Lane, Suite #122 Dallas, TX 75206	(214) 600-1949

Franchisees Signed But Not Yet Open as of March 31, 2026

Location	Name	Business Address	Phone
Tucson, AZ	Victor Lopez & Karym	[To-Be-Determined]	520-334-8868
El Cajon, CA	Chris Fedullo & Kelly Loreto	[To-Be-Determined]	585-781-4899
Long Beach, CA	Vic Raigoza	[To-Be-Determined]	530-828-1014
Oceanside, CA	George Iskaros & Monica Amin	[To-Be-Determined]	(201) 994-9453
Redlands, CA	Diana Lin & Gil Lee	330 N 6th St., Redlands, CA 92374 [Not yet open]	909-689-9290
San Jose, CA	Angelina Baftalovska	[To-Be-Determined]	(415)619-7013
Walnut Creek, CA	Francis Mahabir	[To-Be-Determined]	(408) 655-6679
Denver, CO	Dustin, Steve & Hayley Hatley	[To-Be-Determined]	(970) 343-0898
Orlando, FL	Paula Fernandez & Laura Galdo	[To-Be-Determined]	(407) 987-9197
Greenville, SC	Bate & Alan Sielbeck	1140 E. Butler Rd., Suite D Greenville, SC 29607 [Not yet open]	615-557-3018
Austin, TX	Keith Juranek	3801 Bee Cave Rd., Suite #140 West Lake Hills, TX 78746 [Not yet open]	(512) 771-8485
Bellevue, WA	Aaron Moskowitz	2620 Bellevue Way NE Bellevue, WA 98004 [Not yet open]	(561) 596-1665

EXHIBIT F

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

Franchisees that Had An Outlet Terminated, Canceled, Not Renewed, or Otherwise Left the System – between January 1 and December 31, 2025
And within 10 weeks of the date of this Disclosure Document

Location	Name	Last Known Address	Phone
Paramus, NJ*	Brian George DeRose Knight Floral Holdings	200 E 72nd Street, Apt 6G New York, NY 10021	908-894-8601

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

EXHIBIT G

FINANCIAL STATEMENTS

FLORAL FRANCHISING, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025

fc

FLORAL FRANCHISING, INC.
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Floral Franchising, Inc.

Opinion

We have audited the financial statements of Floral Franchising, Inc. "The Company" which comprise the balance sheet as of December 31, 2025 and 2024, and the related statements of operations, and changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Floral Franchising, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Floral Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Floral Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Muhammad Zubairy, CPA PC
Westbury, NY
March 30, 2026

FLORAL FRANCHISING, INC.
BALANCE SHEETS

ASSETS

	YEARS ENDED DECEMBER 31	
	2025	2024
Current Assets		
Cash	$ 213,433	$ 19,824
Investments in securities	2,086,935	2,003,834
Accounts receivables	147,784	27,944
Inventories	—	800
Due from related party	50,000	—
Total Current Assets	2,498,152	2,052,402
Total Assets	$ 2,498,152	$ 2,052,402

LIABILITIES AND SHAREHOLDERS' EQUITY

	2025	2024
Current Liabilities		
Accounts payables and accrued expenses	$ 51,020	$ 10,230
Due to related party	—	3,100,017
Contract liabilities	475,750	30,500
Total Current Liabilities	526,770	3,140,747
Contract liabilities, net of current	973,875	69,437
Shareholders' Equity (Deficit)	997,507	(1,157,782)
Total Shareholders' Equity	$ 2,498,152	$ 2,052,402

See notes to financial statements

FLORAL FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S EQUITY

	YEARS ENDED DECEMBER 31	
	2025	2024
Revenues		
Royalties	$ 135,412	$ 4,913
Franchise fees	112,812	12,563
Marketing fees	49,473	1,638
Tech fees	60,026	2,450
Other income	146,045	9,441
Total Revenues	503,768	31,005
Operating Expenses	2,800,257	1,217,602
Net (Loss)	(2,296,489)	(1,186,597)
Shareholder's Equity - Beginning	(1,157,782)	28,815
Shareholder's Contribution (Distributions)	4,451,778	—
Shareholder's Equity - Ending	$ 997,507	$ (1,157,782)

See notes to financial statements

FLORAL FRANCHISING, INC.

STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2025	2024
Cash Flows from Operating Activities		
Net income	$ (2,296,489)	$ (1,186,597)
Adjustments to reconcile net income to cash provided by operating activities:		
Changes in assets and liabilities;		
Accounts receivable	(119,840)	(27,944)
Inventories	800	(800)
Due from related party	(50,000)	—
Accounts payables and accrued expenses	40,790	10,230
Due to related party	(3,100,017)	3,100,017
Contract liabilities	1,349,688	99,937
	(4,175,068)	1,994,843
Cash Flows from Investing Activities:		
Investments in securities	(83,101)	(2,003,834)
	(83,101)	(2,003,834)
Cash Flows from Financing Activities:		
Shareholder's contribution (distributions)	4,451,778	—
Net Increase in Cash	193,609	(8,991)
Cash - Beginning of Year	19,824	28,815
Cash - End of Year	$ 213,433	$ 19,824

See notes to financial statements

1. THE COMPANY

Floral Franchising, Inc. is a Delaware C-Corporation formed in March 2023. The Company sells franchises the opportunity to own and operate a florist delivery service under the trademark French Florists to provide flower, and plant delivery services for all occasions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a French Florist, for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes on Income- The Company is taxed as a C-Corporation. The Company has elected to not calculate deferred tax asset/liability for the period ended December 31, 2025.

Investment in Securities- The Company invested $2,000,000 in a Goldman Sachs money market account and incurred $86,935 in interest income, which brought the account to ending market value of $2,086,935.

3. REVENUE RECOGNITION

The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commissions paid for franchises will be amortized over the life of the franchise agreement.

4. CONTRACT LIABILITIES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2025 and 2024, were $1,449,625 and $99,937, respectively.

5. RELATED PARTY TRANSACTIONS

The Company from time to time receives advances from related party. The company had a due to related party balance of $0 and $3,100,017 for the period ended December 31, 2025 and 2024, respectively.

The Company from time to time make advances to related party. The company had a due from related party balance of $50,000 and $0 for the period ended December 31, 2025 and 2024, respectively.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through March 30, 2026, the date the financial statements were available to be issued.

FLORAL FRANCHISING, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2024

FLORAL FRANCHISING, INC.
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Floral Franchising, Inc.

Opinion

We have audited the financial statements of Floral Franchising, Inc. "The Company" which comprise the balance sheet as of December 31, 2024 and 2023, and the related statements of operations, and changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Floral Franchising, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Floral Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Floral Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Muhammad Zubairy, CPA PC
Westbury, NY
February 6, 2025

FLORAL FRANCHISING, INC.
BALANCE SHEET

ASSETS

	YEARS ENDED DECEMBER 31	
	2024	2023
Current Assets		
Cash	$ 19,824	$ 28,815
Investments in securities	2,003,834	—
Accounts receivables	27,944	—
Inventories	800	—
Total Current Assets	2,052,402	28,815
Total Assets	$ 2,052,402	$ 28,815

LIABILITIES AND SHAREHOLDERS' EQUITY

	2024	2023
Current Liabilities		
Accounts payables and accrued expenses	$ 10,230	$ —
Due to related party	3,100,017	—
Contract liabilities	30,500	—
Total Current Liabilities	3,140,747	—
Contract liabilities, net of current	69,437	—
Shareholders' Equity (Deficit)	(1,157,782)	28,815
Total Shareholders' Equity	$ 2,052,402	$ 28,815

See notes to financial statements

FLORAL FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S EQUITY

	YEARS ENDED DECEMBER 31	
	2024	2023
Revenues		
Royalties	$ 4,913	$ —
Franchise fees	12,563	—
Marketing fees	1,638	—
Tech fees	2,450	—
Other income	9,441	—
Total Revenues	31,005	—
Operating Expenses	1,217,602	21,935
Net (Loss)	(1,186,597)	(21,935)
Shareholder's Equity - Beginning	28,815	—
Shareholder's Contribution (Distributions)	—	50,750
Shareholder's Equity - Ending	$ (1,157,782)	$ 28,815

See notes to financial statements

FLORAL FRANCHISING, INC.
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2024	2023
Cash Flows from Operating Activities		
Net income	$ (1,186,597)	$ (21,935)
Adjustments to reconcile net income to cash provided by operating activities:		
Changes in assets and liabilities;		
Accounts receivable	(27,944)	—
Inventories	(800)	—
Accounts payables and accrued expenses	10,230	—
Due to related party	3,100,017	—
Contract liabilities	99,937	—
	1,994,843	(21,935)
Cash Flows from Investing Activities:		
Investments in securities	(2,003,834)	—
	(2,003,834)	—
Cash Flows from Financing Activities:		
Shareholder's contribution (distributions)	—	50,750
Net Increase in Cash	(8,991)	28,815
Cash - Beginning of Year	28,815	—
Cash - End of Year	$ 19,824	$ 28,815

See notes to financial statements

1. THE COMPANY

Floral Franchising, Inc. is a Delaware C-Corporation formed in March 2023. The Company sells franchises the opportunity to own and operate a florist delivery service under the trademark French Florists to provide flower, and plant delivery services for all occasions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

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Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes on Income- The Company is taxed as a C-Corporation. The Company has elected to not calculate deferred tax asset/liability for the period ended December 31, 2024.

Investment in Securities- The Company invested $2,000,000 in a Goldman Sachs money market account and incurred $3,834 in interest income, which brought the account to ending market value of $2,003,834.

3. REVENUE RECOGNITION

The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commissions paid for franchises will be amortized over the life of the franchise agreement.

4. CONTRACT LIABILITIES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2024 and 2023, were $99,937 and $0, respectively.

5. RELATED PARTY TRANSACTIONS

The Company from time to time receives advances from related party. The company had a due to related party balance of $3,100,017 and $0 for the period ended December 31, 2024 and 2023, respectively.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through February 6, 2025, the date the financial statements were available to be issued.

EXHIBIT H

RELEASE ON RENEWAL/TRANSFER

FRENCH FLORIST SHOP

RENEWAL/ASSIGNMENT OF FRANCHISE DOCUMENTS RELEASE

Floral Franchising, Inc. ("**we**," "**us**," or "**our**") and the undersigned franchisee, ____ ("**you**" or "**your**"), currently are parties to a certain Franchise Agreement (the "**Franchise Agreement**") dated ____________________________. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] ____
____
____
________________________________. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "**Releasing Parties**"), hereby forever release and discharge us and our current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "**French Florist Parties**") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "**Claims**") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the French Florist Parties (1) arising out of or related to the French Florist Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the French Florist Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the French Florist Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

You and your owners, for yourselves and each of the Releasing Parties, hereby waive and relinquish every right or benefit which he, she, or it has under any state or federal law limiting the effectiveness of releases, to the fullest extent that he, she, or it may lawfully waive such right or benefit. In connection with this waiver and relinquishment, with respect to the Claims, you and your owners, for yourselves and each of the Releasing Parties, acknowledges that he, she, or it may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of this release, but that it is the parties' intention, fully, finally and forever to settle and release all such Claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist, and, in furtherance of such intention, the releases given hereunder shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

EXHIBIT I

FRENCH FLORIST® SHOP
CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

THIS CONVERSION ADDENDUM (the "**Agreement**") is made and entered into as of ________________________________, 20__ (the "**Agreement Date**"), regardless of the date of the parties' signatures, between **FLORAL FRANCHISING, INC.**, a Delaware corporation with its principal business address at 8658 W. Pico Boulevard, Los Angeles, California 90035 ("**Franchisor**"), and ________________________, whose principal business address is _____________________________________ ("**Conversion Franchisee**").

RECITALS

WHEREAS, Franchisor and Conversion Franchisee have simultaneously herewith entered into a certain Franchise Agreement whereby Conversion Franchisee is granted a franchise to operate a French Florist Shop, to use Franchisor's Marks, and to utilize Franchisor's Franchise System in connection therewith;

WHEREAS, Conversion Franchisee has submitted an application to Franchisor seeking permission to become a Conversion Franchisee of Franchisor, and Franchisor has approved such application;

WHEREAS, Conversion Franchisee presently owns and operates or acquired a retail flower business similar, if not identical, to those offered by French Florist Shops from a location approved by Franchisor, and that has been in operation for a period of not less than eighteen (18) continuous months and has generated a minimum of Two Hundred Fifty Thousand Dollars ($250,000) in Net Sales during the latest twelve-month period in that retail flower business; and further, Conversion Franchisee represents and acknowledges that it has met Franchisor's standards and qualifications to be classified as a "Conversion", and upon reliance on Conversion Franchisee's representation to Franchisor of such, Franchisor approves of such conversion classification;

WHEREAS, Conversion Franchisee has represented and acknowledged that it does not operate under a franchise agreement, licensing agreement, or a prescribed marketing plan or system of another company, and is not subject to any agreements limiting or restricting Conversion Franchisee's ability to conduct said business;

WHEREAS, Conversion Franchisee acknowledges that by becoming a Franchisee of Franchisor it will be subject to covenants against competition, confidentiality agreements and standards of performance and quality which otherwise would not attach to its business operations; and

WHEREAS, Franchisor desires to grant to Conversion Franchisee a franchise upon the terms and subject to the conditions hereof, and subject to the terms and conditions of the Franchise Agreement executed simultaneously herewith.

NOW, THEREFORE, THE PARTIES, IN CONSIDERATION OF THE UNDERTAKINGS AND COMMITMENTS OF EACH PARTY TO THE OTHER SET FORTH IN THIS AGREEMENT, HEREBY AGREE AS FOLLOWS:

1. RECITALS

The Recitals set forth above are incorporated herein by reference.

2. INCORPORATION OF TERMS OF FRANCHISE AGREEMENT

a. This Agreement shall amend and supplement the Franchise Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Agreement are incorporated into the Franchise Agreement, and with respect to any conflict between the two agreements, the terms of this Agreement shall be controlling with respect to the subject matter thereof.

b. Except as expressly set forth in this Agreement, the rights, duties and obligations of the parties with respect to the French Florist Shops shall be the same as the rights, duties, and obligations of the parties with respect to the Shop described in the Franchise Agreement.

3. CONVERSION OF FRANCHISEE'S BUSINESS TO THE FRENCH FLORIST SYSTEM

a. Prior to the execution of the Franchise Agreement and this Agreement, Conversion Franchisee shall have furnished to Franchisor, in conjunction with its application to be accepted as a French Florist Conversion Franchisee, information pertaining to the existing site of Conversion Franchisee's business. Such information includes, but is not limited to, a map and written description of the existing site; demographic and population information relating to the local market; photographs and architectural plans of the existing location; the lease for the location; and, such other information as Franchisor in its sole discretion deems appropriate.

b. Prior to the commencement of operation of the French Florist Shop, Conversion Franchisee must remove all materials, furniture, fixtures, signs and equipment which do not conform with the French Florist Franchise System; are not approved by Franchisor; and, which do not meet the standards and specifications prescribed in Franchisor's Confidential Operations Manual, as amended from time to time.

c. Conversion Franchisee understands and hereby acknowledges that every component of the French Florist Franchise System is vital to Franchisor, to other French Florist franchisees and to the operation of the business franchised hereby, and that compliance with System Standards is of the essence of this Agreement. Conversion Franchisee shall, at all times, conduct the French Florist Shop hereunder in compliance with the French Florist System Standards and cease rendering services or using equipment, materials, furniture, fixtures or signs which are not designated by Franchisor to be components of the French Florist Franchise System.

d. As of the date on which Conversion Franchisee commences operating its business as a French Florist Shop, Conversion Franchisee shall identify and represent its business as a French Florist Shop through the use and display of Franchisor's proprietary Marks. During a period of one (1) year from the commencement of business as a French Florist franchisee, Conversion Franchisee may display, with Franchisor's prior written approval, secondary signage of such size, content and style as is prescribed by Franchisor in its Confidential Manuals, for the purpose of advising the public of the former trade name under which Conversion Franchisee had previously conducted its business. However, on the first anniversary of the commencement of operations as a French Florist franchisee, or at such later date as the parties may agree, Conversion Franchisee, at its sole cost and expense, shall cease using all references to its prior trade name and carry out its business activities only as a French Florist franchisee and only under the French Florist Marks.

e. As of the date on which Conversion Franchisee commences operating its business as a French Florist franchisee, Conversion Franchisee shall convert all of its software, accounts, ledgers, customer lists, bookkeeping systems, etc. so as to comply with the standards and specifications of the French Florist System, as is more fully set forth in Franchisor's Confidential Operations Manual, as amended from time to time.

f. Unless otherwise approved in writing by Franchisor, Conversion Franchisee shall successfully complete Franchisor's required training program; complete all necessary construction, renovations, or refurbishing; comply with all of Franchisor's required System Standards with respect to goods, materials, equipment and services; and commence operation of the French Florist Shop within sixty (60) days after the execution of the Franchise Agreement and this Agreement.

4. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS

a. Conversion Franchisee acknowledges that notwithstanding the fact that it has operated a flower shop similar to those offered under the French Florist System, it covenants and agrees to be bound by the restrictions on the use of confidential information set forth in the Franchise Agreement. Conversion Franchisee further acknowledges that all information pertaining to customers of Conversion Franchisee prior to the execution of the Franchise Agreement shall be deemed to be "confidential information" as that term is used in the Franchise Agreement.

b. Conversion Franchisee expressly acknowledges that despite the fact that it had been in the retail flower business prior to becoming a French Florist franchisee, Conversion Franchisee shall be bound by the in-term and post-term covenants not to compete set forth in the Franchise Agreement and all other applicable post-termination obligations of the Franchise Agreement, subject to applicable state law.

5. ACKNOWLEDGMENTS

Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

a. It has owned and operated; or acquired a flower shop similar to those offered through the French Florist franchised System; that has been in operation for at least eighteen (18) continuous months, and generated a minimum of Two Hundred Fifty Thousand Dollars ($250,000) in Net Sales during the latest twelve (12) month period.

b. Its business does not operate under either a franchise agreement, licensing agreement, or pursuant to any form of commercial arrangement whereby a third party prescribes a particular marketing plan or system upon its business operations. Furthermore, Conversion Franchisee is not subject to any covenant against competition.

c. No other person, firm, corporation, or other entity has any right, title or interest in or to Conversion Franchisee's business; Conversion Franchisee's business has not been mortgaged, pledged, or assigned; and, there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Conversion Franchisee's interest in said business.

d. Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Agreement are accurate and truthful.

e. Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Agreement the manner and operation of its business must be in strict compliance with Franchisor's required System Standards and furthermore acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which comprise or may in the future comprise a part of the French Florist System is expressly limited.

f. Furthermore, Conversion Franchisee expressly acknowledges and understands that this Agreement amends and supplements the Franchise Agreement, and that the terms and conditions of this Agreement, are incorporated into the Franchise Agreement, as though set forth in full therein.

g. Nothing in this Agreement, or any related agreement, is intended to disclaim the representations made in the Franchise Disclosure Document by the Franchisor.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement to the Franchise Agreement on the day and year first set forth above.

FRANCHISOR:	**CONVERSION FRANCHISEE**
FLORAL FRANCHISING, INC., a Delaware corporation	**(IF ENTITY)**:
	____________________________________ [Name]
By:________________________________	By:________________________________
Name: ______________________________	Name:______________________________
Title: ______________________________	Title:______________________________
Date: ______________________________	Date:______________________________
	(IF INDIVIDUALS):
	____________________________________ [Signature]
	____________________________________ [Print Name]
	Date:______________________________
	____________________________________ [Signature]
	____________________________________ [Print Name]
	Date:______________________________

EXHIBIT J

MULTI-STATE ADDENDUM TO THE FDD AND FRANCHISE AGREEMENT

The following modifications and additions are part of the French Florist® Franchise Disclosure Document ("FDD"), Franchise Agreement ("FA"), and Development Rights Agreement ("DRA") as required by relevant state laws.

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. Our website, www.frenchfloristfranchise.com, has not been reviewed or approved by the California Department Of Financial Protection And Innovation. Any complaints concerning the content of this website may be directed to the California Department Of Financial Protection And Innovation at www.dfpi.gov.ca.

4. The following paragraph is added to the "Special Risks to Consider About This Franchise" page:

Spousal Liability. While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse's marital and personal assets, including your house, could be lost if your franchise fails.

5. The following is added at the end of Item 3:

Neither we nor any person or franchise broker in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following is added to the "Remarks" column of the line-item entitled "Interest" in Item 6:

The highest interest rate allowed under California law is 10% annually.

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

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur within 10 miles of the Franchisor's principal office (currently Los Angeles, California) at the time that the arbitration demand is filed, before a single arbitrator with the costs being borne as provided in the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of your franchise. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The franchise agreement and development rights agreement contains provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of The Illinois Franchise Disclosure Act or any other law of the state of Illinois is void.

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

See the last page for your required signature.

MARYLAND

_______FDD Item 17, FA, DRA
The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

_______FDD Item 17, FA, DRA
Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

_______FDD Item 17, FA, DRA
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMTION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FOR IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: “You may terminate the agreement on any grounds available by law.”

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

VIRGINIA

_______FDD Item 17, FA, DRA
Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the [franchise agreement or development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, THE DEVELOPMENT RIGHTS AGREEMENT, AND ALL RELATED AGREEMENTS.

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a

franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

FDD Item 5, FA Section 5(A), Development Rights Agreement Section 4
The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. Please note that the initial fees for the purposes of the deferral include all initial franchise fees described in Item 5 of the Franchise Disclosure Document. The development fee will be prorated and collected as each unit is opened.

Franchise Agreement, Section 16(A)
The liquidated damages shall equal the product of the greater of twenty-four (24) months following the date of termination or the number of months left before the scheduled expiration of the term, multiplied by the average monthly royalty fees.

Franchise Agreement, Section 16(D)
The geographic scope of the covenant not to compete provision is reduced to within a twenty-five (**25) mile** radius of any French Florist Shop then operating or under construction on the effective date of the termination or expiration.

Franchise Agreement, Section 18(M)
The following provision does not apply in Washington: "There are no other oral or written representations, warranties, understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement."

Development Rights Agreement, Section 16
The following provision does not apply in Washington: "This Agreement, together with the Initial Agreement, supersedes all prior agreements and understandings, whether oral or written, between the parties relating to its subject matter, and there are no oral or other subject matter of this agreement.

It is agreed that the applicable foregoing state law addendum for the state of _____________, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these Multi-State Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this ______________________.

("we/us"): **FLORAL FRANCHISING, INC.**

By: ______________________
Print Name: __________________
Title: ______________________

(jointly and severally "you"):

By:_________________________________
Print Name: __________________
Title: ____________________________

By:_________________________________
Print Name: __________________
Title: ____________________________

Franchise Disclosure Document Exhibit K
Confirmation of Additional Terms and Representations Addendum

Floral Franchising, Inc. (“we/us”), and you are entering into a French Florist® “Franchise Agreement” for the operation of a French Florist® franchise. The purpose of this Addendum is to confirm any additional commitments or terms beyond those contained in our standard franchise agreement and contained in our current ‘Franchise Disclosure Document,’ including any oral statement, representation, promise or assurance made during the negotiations for the purchase of a French Florist® franchise by any director, officer, employee, agent or representative of French Florist® French (each, a “**Representative**”).

This Addendum will not be signed or used if the franchisee resides within or if the franchised business will be located within the states of California, Maryland, or Washington.

I. FRANCHISE

A. <u>Description of Representations</u>

1. Describe any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other promises that have been made to or with you by us or our Representatives with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, Site location, operational assistance, or other services or write “None”:

____
____
____

2. Describe any oral, written, or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicts or is inconsistent with the Disclosure Document or the Franchise Agreement that has been made to you by us or our Representatives or write “None”:

____
____
____

3. Describe any oral, written, visual, or other claim or representation has been made to you by us or our Representatives, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document – including Item 19 or write “None”:

____
____
____

4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating a French Florist® franchise or write “None”:

____
____
____

5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None".

____
____
____

6. Describe any other statement, promise or assurance concerning any other matter related to a French Florist® franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

____
____
____

II. YOUR PARTICIPATION

A. You will personally participate in the management of the French Florist® Shop as set forth in the Franchise Agreement. You will faithfully and fully perform all duties required of you under the Franchise Agreement.

B. Your purchase of the Franchise is for your own account and is not made with a view to or for resale.

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

<u>NOTE</u>: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT IN HIS/HER INDIVIDUAL CAPACITY AND ON BEHALF OF THE LEGAL ENTITY.

FRANCHISEE: (Individual)

____

Name

____

Signature

Date:__________________________________

FRANCHISEE:

(Corporation, Partnership or Limited Liability Company)

a/an __________________________________ corporation

a/an __________________________________ partnership

a/an __________________________________ limited liability company

____

By: ___________________________________

Its: ___________________________________

Date:__________________________________

("we/us"): **FLORAL FRANCHISING, INC.**

By: ________________________

Print Name: ____________________

Title: _______________________

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
New York	
Virginia	
Washington	

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

Item 23

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Floral Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale.

New York requires that Floral Franchising, Inc. gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that Floral Franchising, Inc. gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Floral Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Floral Franchising, Inc., located at 8658 W. Pico Boulevard, Los Angeles, California 90035. Its telephone number is 310-659-7700.

Issuance date: April 20, 2026

The name, principal business address, and telephone number of each franchise seller offering the franchise:
Michael Jacobson, 8658 W. Pico Boulevard, Los Angeles, CA 90035, (310) 659-7700,
Glenn Anderson, 162 Watercourse Pl., Plymouth, MA 02360, (919) 247-6658.
____.

I received a Franchise Disclosure Document dated as indicated above that included the following Exhibits:

A	List of State Agencies/Agents for Service of Process
B	Franchise Agreement
C	Development Rights Agreement
D	Operations Manual Table of Contents
E	List of Franchisees
F	List of Franchisees Who Have Left the System
G	Financial Statements
H	Release on Renewal/Transfer
I	Conversion Addendum
J	Multi-State Addendum
K	Confirmation of Additional Terms and Representations Addendum

______________________	______________________
Date	Prospective Franchisee [Print Name]
	______________________
(Date, Sign, and Return to Us)	Prospective Franchisee [Signature]

Item 23

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K	Confirmation of Additional Terms and Representations Addendum

______________________________	______________________________
Date	Prospective Franchisee [Print Name]
	______________________________
(Date, Sign, and Keep for Your Own Records)	Prospective Franchisee [Signature]