

FRANCHISE DISCLOSURE DOCUMENT

Le Organics Inc

A California Corporation

445 E Colorado Blvd Pasadena, California 91101

(626) 993-9898

www.leberrybakery.com



The franchise offered is for the establishment and operation of an independently owned and operated business under the name Lêberry Bakery & Donut featuring a variety of gourmet donuts, baked desserts, pastries, coffee, craft beer and wine and other items. The four types of establishment may be either: (1) a “Production Unit” to manufacture the full line of Lêberry Bakery & Donut products and the dough for gourmet donuts and baked desserts to supply the needs for other Lêberry Bakery & Donut, other businesses and/or directly to consumers; (2) a “Non-Production Unit” to offer the full line of Lêberry Bakery & Donut products within a establishment center, airport, hotel or other smaller attached or smaller location without dough production; (3) a single franchised shop that produces and operates Lêberry Bakery & Donut establishment; and (4) multiple franchised businesses that produce and operate Lêberry Bakery & Donut establishments within an Area Development Agreement.

The total investment necessary to begin operation of a Lêberry Bakery & Donut Production Unit franchised business is \$1,332,950 to \$1,998,390. This includes \$75,000 to \$105,000 that must be paid to the franchisor or its affiliate(s) as applicable. The total investment necessary to begin operation of a Lêberry Bakery & Donut Non-Production Unit ranges from \$189,890 to \$403,950, depending on location and size for the unit. This includes \$30,000 to \$35,000 that must be paid to the franchisor or its affiliate(s) as applicable. The total investment necessary to begin operation of a Lêberry Bakery & Donut single franchised shop ranges from \$289,890 to \$869,950, depending on location and size for a single shop. This includes \$45,000 to \$65,000 that must be paid to the franchisor or its affiliate(s) as applicable. The total investment necessary to begin operation of a multiple franchised business for an Area Development Agreement ranges from \$255,890 to \$2,119,560 (or more depending on the number and type of units). The initial franchise is discounted by 20% for multiple unit development after signing one Franchise Agreement and paying the applicable franchise fee for the first franchised business. A development fee that must be paid to the franchisor or its affiliate(s) as applicable is also required, which ranges from \$12,000 (to develop two Non-Production Units) to \$174,000 (1 Production Unit, 1 establishment and 8 Non-Production Units) or higher to develop more than 10 units.

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 Jennifer Le at 445 E Colorado Blvd, Pasadena, CA 91101; telephone: (626) 993-9898; email: leberrybd@gmail.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. More information on franchising such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Effective Date: Pending

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
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 C 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 Lêberry Bakery & Donut 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 Lêberry Bakery & Donut franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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- B. List of Agents for Service of Process
- C. Financial Statements
- D. Franchise Agreement
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- I. List of Operating Franchisees

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

To simplify the language in this Franchise Disclosure Document, “Lêberry Bakery & Donut,” “we” or “us” mean the franchisor – Le Organics Inc, a California corporation. “You” means the person who buys the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, “you” may also refer to its owners.

The Franchisor

Our principal business address is: 445 E Colorado Blvd Pasadena, California 91101; telephone: (626) 993-9898.

We do not have any predecessors or parents or affiliates that offer franchises or provide products or services to our franchisees. We do not operate a business of the type being franchised. We are not involved in any other business activities. We do not offer and have not previously offered franchises in any other line of business.

We are in the business of franchising the right to operate donut and bakery production units, non-production units and single or multiple franchised establishments under the name “Lêberry Bakery & Donut” that specializes in plant-based and gluten-free products, and features a variety of gourmet donuts, baked desserts, pastries, coffee, craft beer and wine and other items. Lêberry Bakery & Donut offer over 20 different and changing donut flavors each day. These unique and innovative flavors include caramel macchiato, espresso, blueberry bar, crème brûlée and chai tea. We also offer baked desserts, including cookies, pies, cheesecake, cupcakes and cakes. Our affiliate's Lêberry Bakery & Donut establishment in Pasadena offers local and other craft beers with donut and dessert pairings on several evenings during the week and we may require you to do so as well in your Lêberry Bakery & Donut establishment.

The terms of the Franchise Agreement may not necessarily be the same as the terms of the agreement that governs another franchisee's Lêberry Bakery & Donut business.

If you are signing a Franchise Agreement for a non-traditional agreement such as establishment center (enclosed or open-air), an airport, train station, hotels, convention center, arena, stadium, casino, college campus, amusement park, theme park, museum or similar venue, we may vary the terms of the Franchise Agreement.

If you qualify, we may allow you to sign an Area Development Agreement for the development of Lêberry Bakery & Donut establishments, including Production Unit, Non-Production Unit, single franchised shop or multiple franchised businesses. In addition to the Area Development Agreement, you must sign our then-current form of Franchise Agreement for each Lêberry Bakery & Donut establishment in your territory. We will charge you the initial franchise fee described in ITEM 5 of this Disclosure Document for each Lêberry Bakery & Donut location even if we change the initial franchise fee for other franchisees. We will also charge you the royalty rate described in ITEM 6 for each of your Lêberry Bakery & Donut unit or business that you open under the Area

Development Agreement even if we change that rate for other franchisees.

We may permit you to conduct the following: catering activities, online ordering, deliveries and offsite sales at special events including pop-up events. We reserve the right to negotiate regional or national accounts with individuals or companies. If we do so, you must accept the terms of any regional or national account agreements that we negotiate.

Our Parents, Predecessors and Affiliates

We do not operate Lêberry Bakery & Donut establishments ourselves, but we may do so in the future. Our affiliate, Le Chocolat Corporation, a California corporation, opened and has operated Lêberry Bakery & Donut establishment in Pasadena, California since February 8, 2019. Le Chocolat Corp was incorporated on April 11, 2018.

General Description of the Market and Competition

The general market for the goods and services offered by Lêberry Bakery & Donut business is the general public and is well developed and competitive. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering similar products or services to customers. You may also encounter competition from other Lêberry Bakery & Donut businesses. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other normal business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, new technologies and competition from internet-based organizations that provide information and some related products or services. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, including future litigation that may not be predicted.

Regulations Specific to the Industry

In addition to laws and regulations that apply to businesses generally, you may be subject to regulations relating to the operation of an eating and drinking establishment in your state, city or county. The Food and Drug Administration, the United States Department of Agriculture and other governmental agencies established rules affecting the restaurant business. These regulations include those governing construction, site location, the sale of food and alcoholic beverages and menu-labeling, public health and safety codes and ordinances, smoking, sanitation, discrimination, and employment and sexual harassment laws. In addition, the Americans with Disabilities Act requires readily accessible accommodations for disabled individuals and may affect your operations. It is your responsibility to comply with these laws and to obtain approval for an on-premises beer and wine license for your Lêberry Bakery & Donut business before you open for business. You may also have to obtain an on-premise liquor license for liquor that is used in some menu items. You are responsible for checking with your state and local authorities whether you will need a liquor license. Some states have quotas on the number

of liquor licenses they issue. In these states you may have to acquire a liquor license from a third party at a significant cost. You may experience delays in obtaining these licenses. Therefore, you should apply for these licenses as soon as you are approved as a franchisee. You should consult with your own independent advisors and the government agencies in your state for information on how these laws apply to you. Among the laws and regulations that apply to businesses generally, you must comply with the Patient Protection and Affordable Care Act, 42 USC 18001.

Agents for Service of Process

Our agents for service of process are disclosed in Exhibit B to this Disclosure Document.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer and Secretary: Dr. Jennifer Le

Dr. Le serves as our Chief Executive Officer and Secretary of Le Organics Inc. Dr. Le served as Founder and current President of Le Chocolat Corp, the company that operates the existing Lêberry Bakery & Donut establishment in Pasadena, California. She leverages her healthcare and research background to elevate the quality of sweets. Mr. Edgar Hernandez was the Founder of Le Organics Inc and has sold entire company and transferred full ownership to Dr. Le in April 2021 to lead the franchising business.

Chief Operating Officer and President of Development: Raynard Ivan Ledford, III

Mr. Ledford serves as our Chief Operating Officer and President of Development. He is also the Operating Partner of Le Chocolat Corp, the company that operates the existing Lêberry Bakery & Donut establishment in Pasadena, California. Mr. Ledford possesses extensive experience in the hospitality industry for over 33 years. He was trained by the top and prestigious culinary program at the Culinary Institute of America. Mr. Ledford was the former Chief Executive Officer, Owner and Operator of the Prime Restaurants Group that was involved in franchising other businesses, including national franchise chains.

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 Fee

You pay us a \$75,000 lump sum franchise fee for a Production Unit, \$30,000 for a Non-Production Unit and \$45,000 for a single shop when you initially sign the Franchise Agreement. These fees are uniform. We will refund 50% of the franchise fee you paid if we terminate the franchise for failure to perform your pre-opening obligations under the Franchise Agreement, including failure to select a site, failure to develop, and failure to complete training. We do not give refunds under other circumstances. If you are a veteran of the U.S. military who has been honorably discharged, you pay a reduced initial franchise fee equal to 85% of the initial franchise fee for your first Lèberry Bakery & Donut establishment.

Area Development Agreement

If you are signing a Franchise Agreement for an Area Development, you pay a reduced initial franchise fee equal to 80% of the initial franchise fee, depending on the type of establishment. The number of franchised businesses you must open will be determined before you sign the Development Agreement.

If you are signing an Area Development Agreement, you pay a development fee equal to 50% of the sum of the individual discounted franchise fees for each of the franchised establishments you agree to develop after the first one. The development fee ranges from \$12,000 (to develop 2 Non-Production Units) to \$174,000 (to develop 1 Production Unit, 1 establishment and 8 Non-Production Units) or higher depending on the number and combination of units. For example #1, if you agree to develop 2 Non-Production Units, you will pay us an initial franchise fee of \$24,000 for the first Non-Production Unit franchise, plus the development fee of \$12,000 (50% of the franchise fee for the second Non-Production Unit you agree to develop), for a total payment of \$36,000 when you sign the Development Agreement and the first Franchise Agreement. For example #2, if you agree to develop 1 Production Unit, 1 establishment and 8 Non-Production Units, you will pay us an initial franchise fee of \$60,000 for the Production Unit franchise, plus the development fee of \$114,000 (50% of 1 establishment and 8 Non-Production Units), for a total payment of \$174,000 when you sign the Development Agreement and the first Franchise Agreement.

You will sign a Franchise Agreement before opening each subsequent franchised business that you are required to open according to the development schedule under your Development Agreement. When you sign each Franchise Agreement you will pay us the applicable initial franchise fee for each such Unit, less a credit equal to 50% of the applicable initial franchise fee due for that Unit. Using the examples illustrated above, you would pay us \$12,000 when you signed the Franchise Agreement for the second Non-Production Unit (low end of range, Example #1), or \$18,000 when you signed the Franchise Agreement for the 1 establishment and \$12,000 each time you signed a Franchise Agreement for Non-Production Units 1 through 8 (Example #2).

The development fee is calculated uniformly, but the amount of the actual fee will vary based on the number and types of Lèberry Bakery & Donut establishments you agree to develop.

Opening Product Inventory

Certain bakery flour, dough, desserts and other items as specified in the Confidential Operations Manual are proprietary or especially suited for use in the franchised business and referred to as “Lèberry Bakery & Donut Products.” Currently, these products must be purchased from an affiliate of ours or our designated distributor. We estimate that the opening product purchases from our affiliates will range as follows: \$20,000 to \$40,000 for Production Units; \$10,000 to \$20,000 for single shops; and \$5,000 to \$10,000 for Non-Production Units. You pay for opening product inventory by the due date on the invoice. Payments are non-refundable, except for defective, spoiled and unopened products returned according to our then current return policy.

We may collect all or a portion of the \$10,000 minimum you are required to spend on grand opening activities from you before you begin operating your business in order to implement the initial marketing launch on your behalf. If we do not, you must spend this amount on initial marketing on your own during the time period we designate which will be within 60 days of opening your business. You must obtain our consent to your initial marketing before you implement it.

None of the initial payments are refundable if you terminate the Franchise Agreement and Area Development Agreement.

ITEM 6. OTHER FEES

FRANCHISE AGREEMENT

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of gross revenues	Weekly every Monday	See Note 1
Marketing Fee	Up to 4% of gross revenues	Weekly every Monday	See Note 2
Initial Training Fee	\$500 per day per additional trainee after first 7 trainees	Upon demand	See Note 3
Additional Training Fee	Our then-current fee; currently \$500 per trainer per day plus travel expenses	Upon demand	See Note 4

Technology Fee	Up to \$300 per month	Monthly on the 1st of each month	See Note 5
Transfer Fee	80% of then-current initial franchise fee if buyer is a new franchisee; 60% of then-current initial franchise fee if buyer is an existing franchisee; \$1,500 if transfer is between current owners or to new minority owner	Upon franchisee's application to transfer	See Note 6
Audit Fee	All cost of the audit and expenses associated with audit	Upon demand	See Note 7
Successor Agreement Fee	\$5,000	90 days before the beginning of renewal term	See Note 8
Mystery Establishment per Fee	Up to \$150 per month	Upon demand	See Note 9
Quality Assurance Audit Fee	Cost of audit	Upon demand	See Note 10
Alternative Supplier Evaluation Fee	Evaluation costs plus travel expenses	Upon demand	See Note 11
Relocation Fee	35% of the then-current initial franchise fee plus expenses	Upon demand	See Note 12
Advisory Council Program Fee	Dues assessed	Upon demand	See Note 13
Insufficient Funds Fee	\$100 per occurrence	Upon demand	See Note 14
Late Fee	2% per month or maximum amount permitted by state law where you are located,	When payment or report is overdue	See Note 15

	whichever is less		
Hold Over Fee	\$35,000 and 7% of gross revenues	Upon demand and weekly every Monday during violation period	See Note 16
Insurance Policies	\$5,000 to \$12,000	Upon demand	See Note 17
Indemnification and Defense	Payment of our losses and costs	Upon demand	See Note 18
Cost of Appraisal	50% of cost	Upon demand	See Note 19
Costs and Attorney's Fees	Attorney's fees and costs	Upon determination of prevailing party	See Note 20

All fees are imposed by and are payable to us, unless otherwise noted. We may vary the frequency and method of payment. We may require you to pay fees via automatic electronic withdrawal through ACH from your bank account. All fees are uniformly imposed and all fees are non-refundable, unless otherwise noted. If you are located in a state in which we do not have an office or other physical presence, and the state or local taxing authority imposes a tax on any payment you are required to make to us (either by requiring you to withhold the amount of the tax or by requiring us to pay it), you must pay us the difference between the payment as originally calculated and the payment we receive from you after deducting the tax if we do not receive a refund or credit.

Notes:

- 1) Gross revenues mean all revenues you receive from the operation of your Lèberry Bakery & Donut establishment (including any payments under your business interruption insurance coverage) deducting only amounts paid to any governmental tax authority (if we do not receive a refund or credit for the amount withheld or deducted) and any customer refunds made in accordance with our policy. We may require you to pay the royalty fee by electronic funds transfer (EFT). You must send us a detailed summary of your overall business activity on a form we designate when your royalty payment is due. We may also require that you send us this summary electronically.
- 2) We have established a system marketing fund to which you must contribute a percentage of your gross revenues. The percentage may vary periodically but will not be greater than 4%.
- 3) We do not charge a separate fee for providing initial training to the first seven of your personnel who attend at the same time. We may charge a fee to provide initial training to additional or replacement personnel or to personnel who attend at different times.
- 4) We may charge a fee for additional training that we may require you and your personnel to

attend in the future. If you request additional training and we agree to provide it, we will also charge this fee. We decide where additional training takes place. We may conduct this training at your L  berry Bakery & Donut establishment or at another location we designate.

- 5) This fee may be used to cover the ongoing costs of your point-of-sale system and items such as licensing or help desk fees for the point-of-sale and other software, fees for a franchise portal, and fees for exposure on our website. We may collect all or a portion of this fee for a third-party vendor or require you to pay it directly.
- 6) You must pay this fee when you submit an application to transfer. We retain our expenses if we do not consent to the transfer. If you are an individual and you are transferring to a wholly-owned entity, you do not pay a transfer fee, but you must reimburse us for our out-of-pocket expenses in documenting the transfer. There are other conditions to your ability to transfer. See ITEM 17.
- 7) If during an audit we determine that you have underpaid or underreported fees due to us by 2% or more for the period audited, then you must pay the cost of the audit and our expenses.
- 8) You must pay this fee at least 90 days before the beginning of the renewal term of your Franchise Agreement. If we do not consent to the renewal of your franchise because you do not comply with all of the conditions to renewal, we will retain this fee. You must be in good standing to renew. There are other conditions to renewal. See ITEM 17.
- 9) If we establish a mystery establishment program, you must pay the cost of such a program, which we estimate will be up to \$150 per month. This cost may increase in the future. We may collect this payment on behalf of the third-party provider or require you to pay it directly.
- 10) If we contract with a supplier to conduct quality assurance audits, you must pay the cost of the audit by paying the supplier directly or reimbursing us for the cost, at our option.
- 11) If you request our approval for an alternative supplier for any products or services you use in your L  berry Bakery & Donut, you must reimburse us for the costs plus travel expenses for us to evaluate an alternative supplier if we choose to do so.
- 12) If you request our consent for you to relocate your L  berry Bakery & Donut establishment and we agree, you must pay this fee to us and reimburse us any travel and other expenses for our assistance in evaluating the new site, reviewing your building plans and other services when we give you notice of whether or not we consent.
- 13) If we form a franchisee advisory council, we may require you to participate. If we do so, you must pay any dues assessed.
- 14) We may collect monies from you via electronic funds transfer. If your account has insufficient funds (or, if we change your method of payment, a returned check), you must pay a fee of \$100 per occurrence.

- 15) If you do not pay any amount when due, you must pay a late charge of 2% per month, or the maximum rate permitted by law, if less.
- 16) If you violate the non-competition covenant in the Franchise Agreement, you must pay this fee immediately upon demand and during the period you continue to operate a competing business.
- 17) If you fail to obtain insurance as required by the Franchise Agreement, we may obtain insurance on your behalf and you must reimburse us for the cost of obtaining such insurance.
- 18) You must hold harmless, indemnify and defend us and our affiliates, partners, officers, directors, owners, agents and representatives and pay for any claims and losses to us resulting from your actions or failure to act.
- 19) If we exercise our right to purchase the assets of your Lèberry Bakery & Donut establishment upon termination or expiration of the Franchise Agreement, and you and we do not agree on the fair market value of the assets, we will jointly select an appraiser and each pay 50% of the cost of the appraisal of the assets.
- 20) If there is a dispute between us, the prevailing party is entitled to attorney's fees and costs. If we obtain injunctive relief against you for any reason, you must also reimburse us for our attorney's fees and costs.

ITEM 7. ESTIMATED INITIAL INVESTMENT

FRANCHISEES WHO PURCHASE PRODUCTION UNIT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE (Note 1)	\$75,000	Lump Sum	At signing of Franchise Agreement	Us
LEASE, UTILITY AND SECURITY DEPOSITS (Note 2)	\$8,000 - \$40,000	As incurred	As incurred, before opening	Lessor, utility companies
DESIGN AND ARCHITECTURAL FEES	\$5,000 - \$35,000	As incurred	As incurred, before opening	Architects

LEASEHOLD IMPROVEMENTS (Note 2)	\$500,000 - \$900,000	As incurred	As incurred, before opening	Landowner
SIGNAGE	\$13,000 - \$30,000	As incurred	As incurred, before opening	Suppliers and us
FACILITY OCCUPANCY COSTS (Note 3)	\$9,000 - \$27,000	As incurred	As incurred	Lessor
FURNITURE AND FIXTURES	\$80,000 - \$100,000	As incurred	As incurred, before opening	Lessor, Suppliers
EQUIPMENT	\$250,000 - \$450,000	As incurred	As incurred, before opening	Suppliers
POINT OF SALE SUPPORT	\$2,000 - \$5,000	As incurred	As incurred, before opening	Suppliers
FINANCIAL SERVICES SET UP FEE	\$2,700 - \$3,000	Lump Sum	As incurred, before opening	Supplier
LOCAL DIGITAL MARKETING SET UP	\$5,000	Lump sum	As incurred, before opening	Supplier
OFFICE EQUIPMENT AND SUPPLIES	\$2,000 - \$5,000	As incurred	As incurred, before opening	Suppliers
BUSINESS LICENSES AND PERMITS	\$2,500 - \$30,000	As incurred	Upon application	Regulatory agencies
PROFESSIONAL FEES (Note 4)	\$5,000 - \$20,000	As incurred	As incurred	Attorney, advisors
INITIAL INVENTORY (Note 5)	\$25,000 - \$40,000	Lump sum	As incurred	Suppliers

INSURANCE (Note 6)	\$5,000 - \$10,000	As incurred	As incurred	Insurance company
TRAINING EXPENSES (Note 7)	\$15,000 - \$30,000	As incurred	During training	Airlines, hotels, restaurants and other vendors
GRAND OPENING ADVERTISING (Note 8)	\$20,000 - \$30,000	As incurred	As incurred	Media and other vendors
VEHICLES	\$30,000 - \$60,000	As incurred	As incurred	Suppliers
ADDITIONAL FUNDS - 3 Months (Note 9)	\$80,000 - \$120,000	As incurred	As incurred	Employees and suppliers
TOTAL	\$1,332,950 \$1,998,390			

FRANCHISEES WHO PURCHASE NON-PRODUCTION UNIT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE (Note 1)	\$35,000	Lump Sum	At signing of Franchise Agreement	Us
LEASE, UTILITY AND SECURITY DEPOSITS (Note 2)	\$2,500 - \$14,000	As incurred	As incurred, before opening	Lessor, utility companies
DESIGN AND ARCHITECTURAL FEES	\$5,000 - \$10,000	As incurred	As incurred, before opening	Architects
LEASEHOLD IMPROVEMENTS (Note 2)	\$50,000 - \$125,000	As incurred	As incurred, before opening	Landowner

SIGNAGE	\$5,000 - \$10,000	As incurred	As incurred, before opening	Suppliers and us
FACILITY OCCUPANCY COSTS (Note 3)	\$7,500 - \$27,000	As incurred	As incurred	Lessor
FURNITURE AND FIXTURES	\$10,000 - \$15,000	As incurred	As incurred, before opening	Lessor, Suppliers
EQUIPMENT	\$40,000 - \$110,000	As incurred	As incurred, before opening	Suppliers
POINT OF SALE SUPPORT	\$1,500 - \$3,000	As incurred	As incurred, before opening	Suppliers
FINANCIAL SERVICES SET UP FEE	\$900 - \$1,500	Lump Sum	As incurred, before opening	Supplier
LOCAL DIGITAL MARKETING SET UP	\$2,000	Lump sum	As incurred, before opening	Supplier
OFFICE EQUIPMENT AND SUPPLIES	\$2,000 - \$3,000	As incurred	As incurred, before opening	Suppliers
BUSINESS LICENSES AND PERMITS	\$1,000 - \$2,000	As incurred	Upon application	Regulatory agencies
PROFESSIONAL FEES (Note 4)	\$1,000 - \$3,000	As incurred	As incurred	Attorney, advisors
INITIAL INVENTORY (Note 5)	\$5,000 - \$10,000	Lump sum	As incurred	Suppliers
INSURANCE (Note 6)	\$2,000 -	As incurred	As incurred	Insurance

	\$6,000			company
TRAINING EXPENSES (Note 7)	\$5,000 - \$10,000	As incurred	During training	Airlines, hotels, restaurants and other vendors
GRAND OPENING ADVERTISING (Note 8)	\$1,000 - \$3,500	As incurred	As incurred	Media and other vendors
ADDITIONAL FUNDS - 3 Months (Note 9)	\$20,000 - \$30,000	As incurred	As incurred	Employees and suppliers
TOTAL (Note 10)	\$189,890 - \$403,950			

FRANCHISEES WHO PURCHASE SINGLE SHOP

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE (Note 1)	\$45,000	Lump Sum	At signing of Franchise Agreement	Us
LEASE, UTILITY AND SECURITY DEPOSITS (Note 2)	\$5,000 - \$30,000	As incurred	As incurred, before opening	Lessor, utility companies
DESIGN AND ARCHITECTURAL FEES	\$5,000 - \$35,000	As incurred	As incurred, before opening	Architects
LEASEHOLD IMPROVEMENTS (Note 2)	\$100,000 - \$400,000	As incurred	As incurred, before opening	Landowner
SIGNAGE	\$13,000 - \$22,000	As incurred	As incurred, before opening	Suppliers and us

FACILITY OCCUPANCY COSTS (Note 3)	\$9,000 - \$27,000	As incurred	As incurred	Lessor
FURNITURE AND FIXTURES	\$20,000 - \$40,000	As incurred	As incurred, before opening	Lessor, Suppliers
EQUIPMENT	\$100,000 - \$275,000	As incurred	As incurred, before opening	Suppliers
POINT OF SALE SUPPORT	\$2,000 - \$5,000	As incurred	As incurred, before opening	Suppliers
FINANCIAL SERVICES SET UP FEE	\$2,700 - \$3,000	Lump Sum	As incurred, before opening	Supplier
LOCAL DIGITAL MARKETING SET UP	\$5,000	Lump sum	As incurred, before opening	Supplier
OFFICE EQUIPMENT AND SUPPLIES	\$2,000 - \$5,000	As incurred	As incurred, before opening	Suppliers
BUSINESS LICENSES AND PERMITS	\$2,500 - \$30,000	As incurred	Upon application	Regulatory agencies
PROFESSIONAL FEES (Note 4)	\$5,000 - \$20,000	As incurred	As incurred	Attorney, advisors
INITIAL INVENTORY (Note 5)	\$25,000 - \$35,000	Lump sum	As incurred	Suppliers
INSURANCE (Note 6)	\$3,000 - \$8,000	As incurred	As incurred	Insurance company
TRAINING	\$15,000 -	As incurred	During	Airlines, hotels,

EXPENSES (Note 7)	\$30,000		training	restaurants and other vendors
GRAND OPENING ADVERTISING (Note 8)	\$10,000 - \$20,000	As incurred	As incurred	Media and other vendors
ADDITIONAL FUNDS - 3 Months (Note 9)	\$50,000 - \$100,000	As incurred	As incurred	Employees and suppliers
TOTAL (Note 10)	\$289,000 - \$869,950			

All figures in ITEM 7 are estimates only. Actual costs will vary for each franchisee depending on a number of factors. The amounts payable to us are nonrefundable unless otherwise noted. The refundability of other amounts depends upon your agreement with the applicable supplier or other party.

Notes:

- 1) The franchise fee and its refund policy are described in greater detail in ITEM 5. We do not finance any franchise fee.
- 2) You must provide a suitable premise from which to operate the franchised business. The facility will require approximately 5,000 to 10,000 square feet of space for a Production Unit; 500 to 2,000 square feet of space for a Non-Production Unit, and 900 to 2,500 square feet of space for a shop. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs. The low estimate is based on an assumption that you will have to pay a security deposit equal to one month's rent to lease the facility and is based on leasing a facility of 7,000 square feet for a Production Unit, 500 square feet for a Non-Production Unit, and 1,500 square feet for a shop. The estimated range of costs in this category only includes your costs to enter into a lease agreement for the facility. Estimated rental costs for 3 months are included with the category, "Additional Funds," (see Note 9 below).
- 3) This estimates the costs of facility occupancy for three months.
- 4) This figure includes our estimate of the cost for you to consult with independent legal, financial and other professional advisors.
- 5) The amount of initial inventory you purchase will depend on the size and type of geographic

location of your L  berry Bakery & Donut establishment and the demographics of the population in the area.

- 6) You must purchase the following types and amounts of insurance and name us as an additional insured or loss payee and contain a waiver of all subrogation rights against us, and our successors and assigns:
- “all risk” property insurance coverage for assets of the franchised business;
 - workers’ compensation insurance and employer liability coverage with a minimum limit of \$1,000,000 (or higher if your state law requires);
 - commercial general liability insurance with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (or higher if your state law requires);
 - automobile liability insurance, including owned, hired, and non-owned vehicle coverage of at least \$1,000,000 (or higher if your state law requires);
 - insurance coverage for contractual indemnity; and
 - employment practices liability coverage with a minimum limit of \$1,000,000.

We do not represent that these required types and limits are sufficient for your business needs and advise you to discuss your business needs with a qualified insurance broker. We also recommend (but do not currently require) that you purchase business interruption insurance.

Factors that may affect your cost of insurance include location of the premises, value of the leasehold improvements, amount of inventory and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

- 7) This amount includes our estimate of the cost for you to travel to initial training. This amount varies depending on how far you are from our training location and on the number of people attending training.
- 8) This figure estimates the amounts that you spend on marketing and promotions while opening your business. You must spend at least \$10,000 on grand opening advertising.
- 9) This estimates your start-up expenses. These expenses include payroll costs, but do not include any salary for you or your owners. We base our estimate of these expenses on research of current standards and adaptations of our affiliate’s experience. You may have additional expenses in starting the business.
- 10) In compiling this chart, we relied on our and our Affiliates’ industry knowledge and experience. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your actual costs will depend on factors such as how closely you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market, the prevailing wage rate,

competition, and your customers. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing to you for any items.

FRANCHISEES WHO SIGN AN AREA DEVELOPMENT AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
DEVELOPMENT FEE (Note 1 Above)	\$12,000 – \$174,000	Lump Sum	At signing of Area Development Agreement and Franchise Agreement	Us
INITIAL FRANCHISE FEES (Note 1)	\$24,000 – \$94,000	Lump Sum	At signing of Area Development Agreement and Franchise Agreement	Us
OTHER EXPENDITURES FOR 1 ST FRANCHISED BUSINESS	As Disclosed in Preceding Tables			
TOTAL (Note 10 Above)	As Disclosed in Preceding Tables			

All figures in ITEM 7 are estimates only. Actual costs will vary for each developer depending on a number of factors. The amounts payable to us are nonrefundable unless otherwise noted. The refundability of other amounts depends upon your agreement with the applicable supplier or other party. These estimated initial expenses include the estimated initial expenses for your first Lèberry Bakery & Donut establishment.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Products and Services – Specifications and Suppliers

All of the ingredients, products, goods, services, supplies, furniture, fixtures, equipment, inventory, and computer hardware and software you purchase or lease for use in the establishment or operation of the Lèberry Bakery & Donut establishment must meet the specifications, requirements, and standards described in the Lèberry Bakery & Donut Standards

Manual. We reserve the right to sell branded or proprietary products, such as ingredients, prepared foods, retail merchandise and other items, to franchisees and to receive revenue from these sales.

You must purchase all products and ingredients, equipment, supplies and services required or used in the operation of your Lèberry Bakery & Donut establishment only from (a) manufacturers, suppliers or distributors from time to time designated in writing by us, (b) such other suppliers selected by you and consented to by us in the manner and subject to the conditions described in the next paragraph, or (c) from us or our affiliate, if available.

We may issue specifications and standards for products, equipment and services to franchisees or to authorized suppliers. Our criteria for suppliers are available to franchisees in the Lèberry Bakery & Donut Standards Manual.

We and our affiliate are not currently the only authorized suppliers for any products or services described in this ITEM, but we may be in the future. If we supply any products or services we will receive revenue for doing so.

Alternative Suppliers

- 1) In order to obtain our consent to an alternative supplier, you must meet the following conditions. We are not required to consider your request. We are not required to consent to suppliers you propose even if they meet these conditions;
- 2) You must send a written request to us;
- 3) You must reimburse us for our evaluation costs and travel expenses in evaluating the proposed supplier, which may include research, due diligence and testing;
- 4) The supplier must demonstrate that it can supply an ITEM or service meeting our specifications. This may mean providing us with samples and allowing our representatives to inspect its facility;
- 5) The supplier must demonstrate its financial soundness, its reputation in the business community and the reliability of its product or service;
- 6) The supplier must maintain the insurance coverage we require and name both you and us as additional insureds with the right to notice before modification or cancellation of coverage;
- 7) If the ITEM will bear our trademark, we may require the supplier to sign a license agreement which may include a royalty payment to us; and
- 8) We generally will notify you whether or not we consent to a supplier within 90 days. We may notify you that the consent to a supplier is revoked at any time. If we revoke consent to a

supplier, you must immediately stop using that supplier.

Computer System

You must use the computer system and software we specify in the L  berry Bakery & Donut Standards Manual. As of the date this Disclosure Document was issued, we require that you purchase and use an Apple iPad. We also designate a point-of-sale (POS) system and various components that you must use. You must also purchase the virus protection software suite that we designate in the L  berry Bakery & Donut Standards Manual. The specifications for these items and the suppliers we designate are contained in the L  berry Bakery & Donut Standards Manual.

We charge a monthly technology fee that is \$250 as of the date this Disclosure Document was issued but that may increase up to \$300 per month. This is to cover the ongoing cost of your point-of-sale system and items such as licensing or help desk fees for the point-of-sale and other software, fees for a franchise portal and fees for exposure on our website. You must obtain these services from us or our designated supplier.

Merchant Services

We require that you use the merchant services vendor we designate. We may change this designation from time to time.

Accounting and Financial Systems

We require you to use a designated financial systems consulting firm and the system and processes we designate. These include implementation of the accounting system for your L  berry Bakery & Donut establishment, training and ongoing services from this firm. Within five days of signing the lease for your L  berry Bakery & Donut establishment, you must sign an engagement letter with this firm and pay a set-up fee that we estimate to cost between \$2,700 and \$3,000. We estimate ongoing costs for accounting and hosting services to cost between \$450 and \$500 per month as of the date this Disclosure Document was issued.

In the future, if we do not designate an accounting system service provider, you must obtain our consent to the accountant or bookkeeper you retain, and you must use our mandated chart of accounts, income statement and balance sheet format in preparing financial statements. We may designate the accountant or bookkeeper you use. Alternatively, at our option, we may permit you to select your accountant or bookkeeper but the person you select must strictly adhere to our required chart of accounts, financial statement format and reporting deadline contained in the L  berry Bakery & Donut Standards Manual.

You must purchase and use the accounting software we specify in the L  berry Bakery & Donut Standards Manual. If you are not tracking information and generating financial statements in a manner consistent with our requirements for financial reporting and analysis, we may then require you to use a third-party accounting firm that we designate for accounting services to you.

You must submit financial statements and reports we require in the format we designate and with the frequency we periodically require.

Architect, Contractor and Real Estate Tenant Representative

You must use one of our designated architects to work with you to develop floor plans and construction drawings for your Lêberry Bakery & Donut establishment. Your floor plans must include specifications for video surveillance cameras to be installed in your Lêberry Bakery & Donut establishment. You must also use contractors who meet our standards and qualifications for contractors, including that the contractors be commercially licensed and adequately insured and have experience in building facilities similar to the Lêberry Bakery & Donut establishment. We recommend that you obtain at least three construction bids for your location. We may identify contractors that meet our standards and specifications, but you will not be required to use the contractors we identify, and you will have the final decision on hiring a contractor. Your contractor must add you and us as additional insureds on its insurance policies. We also reserve the right to require you to submit to us the construction bids you receive and review the construction process, including videos and photographs of the progress of construction. We reserve the right to select one or more real estate tenant representative companies that can assist you in locating acceptable sites, and if we do so, you must retain the services of such companies and pay any costs to use their services.

Location and Lease

You must obtain our approval of the lease or contract for the location from which you will operate your Lêberry Bakery & Donut establishment. You are responsible for all costs to negotiate and sign the lease or contract. We may require you to include certain terms in your lease including a conditional lease assignment to us or our nominee if your Franchise Agreement expires or is terminated. We may require that the lease contain the following terms:

- 1) your right to assign the lease to us or our nominee without the landlord's consent or a rent increase or penalty;
- 2) the landlord's acknowledgement that you may not transfer or sublet without our consent;
- 3) the landlord's consent to our signage;
- 4) the landlord's agreement to notify us if you default and to grant us the option (exercised at our discretion) to cure such default;
- 5) that no change may be made to the lease without our consent;
- 6) if the Franchise Agreement terminates or expires, the landlord's agreement that the lease will transfer to us or our nominee immediately at our option upon notice by us without rent increase or penalty;

- 7) that the landlord may rely on our notice;
- 8) that our notice operates as an assignment of your lease to us, but does not include liability for your prior acts or omissions;
- 9) that the landlord must provide to us, upon our request, all reports, information and data about the property;
- 10) that we may enter the premises and make alterations after the expiration or termination of the Franchise Agreement; and
- 11) that we are a third party beneficiary of the lease.

Refurbishing, Remodeling and Updating Requirements.

We will periodically require that you refurbish, update and remodel your Lèberry Bakery & Donut establishment. Our requirements may range from general updating to comprehensive brand reimagining. We anticipate that you should reserve at least \$10,000 per year for these expenses, but your expenses to comply may be higher. We may also designate the suppliers you use to conduct the updates, remodeling and refurbishment.

Insurance

You must obtain the insurance coverage required by the Franchise Agreement and as we may periodically notify you from a carrier with a Best's rating of at least A. The required coverage currently includes public liability insurance, personal injury insurance, automobile insurance covering your vehicles, property damage insurance, worker's compensation insurance, including employer's liability, with limits as required by law, business interruption coverage and any other specialty coverage we require, in the minimum amounts of \$1,000,000 per occurrence and \$3,000,000 in the aggregate, and including such other limits and coverage as we may periodically require. The required coverage is subject to change. We must be listed as additional insured on all of the above policies, and you must provide us with evidence of coverage in the form and frequency we require, including a certificate of coverage every quarter. You and your insurer must give at least 30 days' notice of termination of any changes to coverage.

Marketing and Advertising

You must obtain our consent to all marketing, advertising and publicity materials you use to promote your Lèberry Bakery & Donut establishment before you use them. You must provide any proposed materials to us at least ten days before the deadline for submitting them for publication. As of the date this Disclosure Document was issued, we require you to spend your local advertising funds by retaining a digital marketing firm we designate and that you conduct digital marketing as we direct. We estimate the set up fee for this service to cost approximately

\$2,000 and the monthly fees to be the greater of 3.5% of gross revenues or \$2,500.

You must conduct grand opening advertising for your Lèberry Bakery & Donut for which you must spend a minimum of \$10,000. You must also obtain our prior consent to the activities you propose to conduct as part of your grand opening advertising.

Revenues and Rebates

As of the date this Disclosure Document was issued, neither we nor our affiliate receive revenues on account of purchase or leases by franchisees, nor do we receive rebates or other benefits from your purchases or leases from suppliers. We do reserve the right to do so.

Other Information

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

We do not provide material benefits to franchisees based on use of designated or authorized suppliers as of the date this Disclosure Document was issued, but we may do so in the future.

We do not have any purchasing or distribution cooperatives as of the date this Disclosure Document was issued.

We estimate that the required purchases and leases described in this ITEM will constitute approximately 90% of all purchases and leases you will incur to establish and operate your Lèberry Bakery & Donut establishment.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1D of Franchise Agreement; Section 3 of the Area Development Agreement	ITEMS 8 and 11
b. Pre-opening purchases/leases	Sections 1D and 2 of Franchise Agreement; Section 3F of the Area Development Agreement	ITEMS 5, 7 and 8

c. Site development and other pre-opening requirements	Section 1D of Franchise Agreement; Sections 3 and 4 of the Area Development Agreement	ITEMS 7, 8 and 11
d. Initial and ongoing training	Section 8 of Franchise Agreement	ITEM 11
e. Opening	Section 1D(8) of Franchise Agreement; Section 3G of the Area Development Agreement	ITEM 11
f. Fees	Sections 1D, 2, 7, 8, 11A, 12B, and 14B of Franchise Agreement; Sections 4A, 5, 9C, 11B(3)(e), 11E and 12J(5) of the Area Development Agreement	ITEM 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections 6A and 8 of Franchise Agreement	ITEM 11
h. Trademarks and proprietary information	Section 94 of Franchise Agreement; Section 8 of the Area Development Agreement	ITEMS 13 and 14
i. Restrictions on products/services offered	Section 1 and 6A of Franchise Agreement	ITEM 16
j. Warranty and customer service requirements	Section 1 and 6A of Franchise Agreement	ITEM 11
k. Territorial development and sales quotas	Section 1B of Franchise Agreement; Section 2 of the Area Development Agreement	ITEM 12
l. Ongoing product/service purchases	Section 1 and 6A of Franchise Agreement	ITEM 8
m. Maintenance, appearance and remodeling requirements	Sections 1D and 6B of Franchise Agreement	ITEMS 8 and 11

n. Insurance	Section 1D and 6C of Franchise Agreement; Section 4A of the Area Development Agreement	ITEM 8
o. Advertising	Section 11 of Franchise Agreement	ITEMS 6 and 11
p. Indemnification	Section 15 of Franchise Agreement; Section 11E of the Area Development Agreement	ITEM 6
q. Owner's participation/ management/ staffing	Section 6C of Franchise Agreement	ITEM 15
r. Records and reports	Section 9 of Franchise Agreement; Section 4B of the Area Development Agreement	ITEM 6
s. Inspections and audits	Section 10 of Franchise Agreement	ITEM 6
t. Transfer	Section 14 of Franchise Agreement; Section 11 of the Area Development Agreement	ITEM 17
u. Renewal	Section 2 of Franchise Agreement; Section 1B of the Area Development Agreement	ITEM 17
v. Post-termination obligations	Section 13 of Franchise Agreement; Section 10F of the Area Development Agreement	ITEM 17
w. Non-competition covenants	Section 12 of Franchise Agreement; Section 9 of the Area Development Agreement	ITEM 17
x. Dispute resolution	Section 16J of Franchise Agreement; Section 12J of the Area Development Agreement	ITEM 17
y. Other: Spousal Consent of spouse (Note 1); Owner Guaranty and Confidentiality and Non-Competition Agreements (Note 2)	Exhibits B and D to Franchise Agreement; Exhibits E and D to Area Development Agreement	ITEM 22

Notes:

- 1) The spouse of an individual franchisee (and the spouse of each owner of a franchisee that is an entity or a developer that is an entity) must sign a spousal consent (Exhibit B of the Franchise Agreement and Exhibit E of the Area Development Agreement).
- 2) Each individual who owns an interest in a franchisee that is a business entity (and that individual's spouse) may be required to sign an agreement to maintain confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Exhibit D of the Franchise Agreement). If the developer that signs an Area Development Agreement is an entity, all owners of the developer must personally guarantee the developer's performance upon our request. (Exhibit D of the Area Development Agreement).

ITEM 10. FINANCING

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

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you begin to operate your Lêberry Bakery & Donut establishment, we:

- 1) Will provide you with assistance in selecting a location for your Lêberry Bakery & Donut establishment. We may select one or more real estate tenant representative firms that can assist you in locating acceptable sites, and if we do so, you must retain the services of such firms. You select the location for your business subject to our acceptance in writing. You must submit your request in a format that we require. You must obtain our consent before signing a lease or contract for the site, and we may refuse to consent to a lease for any reason. We do not own premises or lease them to franchisees. In general, the factors that we may consider include the general location and neighborhood of the business, zoning of the site, demographics, locations of any other donut, pastry, breakfast, or dessert restaurants or establishments in the general area, proximity of complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location and lease terms (See Franchise Agreement, Section 1D and Area Development Agreement, Section 3).
- 2) Will accept or reject your proposed location within 30 days after receiving the request and all of the information we require concerning the proposed location. You must submit and obtain our acceptance of a proposed location within three months after signing the Franchise Agreement. We may reject your proposed location for any reason. If we do not accept a

proposed site, then you must find another site and request that we accept it.

- 3) Will identify a general geographic area in your Franchise Agreement to assist you in focusing your site selection effort, if a specific location for your Lêberry Bakery & Donut establishment has not been identified at the time you sign the Franchise Agreement. You must open your Lêberry Bakery & Donut within nine months after signing the Franchise Agreement. If you do not do so, your Franchise Agreement may terminate. Once your location has been identified, your location and territory will be inserted as an exhibit to the Franchise Agreement. Your lease must contain the provisions described in ITEM 8.
- 4) Will review with you a preliminary layout for a Lêberry Bakery & Donut establishment (See Franchise Agreement, Section 1D(4) and Area Development Agreement, Section 3D(1)).
- 5) Will designate one or more architects with whom you must work to develop floor plans and full construction drawings for your location and deliver prototype drawings for a conceptual appearance of a Lêberry Bakery & Donut establishment (See Franchise Agreement, Section 1D(4) and Area Development Agreement, Section 3D(1)).
- 6) Will review your architect's floor plans and full construction drawings for your Lêberry Bakery & Donut establishment, for which our consent is required (See Franchise Agreement, Section 1D(4) and Area Development Agreement, Section 3D(1)).
- 7) Will prescribe standards and qualifications for you to identify contractors (Franchise Agreement, Section 1D(5) and Area Development Agreement, Section 3D(2)).
- 8) Will evaluate your location before your opening to the public to determine if it is ready to open (See Franchise Agreement, Section 1D(8) and Area Development Agreement, Section 3).
- 9) Will prescribe the menu items for your Lêberry Bakery & Donut establishment (See Franchise Agreement, Section 3A).
- 10) May designate and negotiate pricing with suppliers for merchandise, equipment, inventory and supplies (See Franchise Agreement, Section 3B).
- 11) Will assist you in placing orders for your initial inventory (See Franchise Agreement, Section 3B(1)).
- 12) Will provide you with the initial training program described below (See Franchise Agreement, Section 2).
- 13) Will assist you in designing your grand opening advertising promotions strategy, for which you must obtain our consent, and which may include assisting you with devising a social media strategy for launching the Lêberry Bakery & Donut brand in your local market (See Franchise Agreement, Section 8B).

- 14) Will loan to you one copy of the L  berry Bakery & Donut Standards Manual, which we may modify from time to time. A copy of the table of contents of the L  berry Bakery & Donut Standards Manual is attached as Exhibit G to this Disclosure Document. The L  berry Bakery & Donut Standards Manual has a total of 275 pages (See Franchise Agreement, Section 2C).

We anticipate that franchisees will typically open their L  berry Bakery & Donut establishments approximately nine months after signing the Franchise Agreement. The factors that affect this are locating a satisfactory site, obtaining a lease, construction of improvements to the site, financing, obtaining building permits, obtaining a beer and wine or liquor license, zoning and local ordinances, acquisition of sufficient inventory, weather conditions, shortages and any delays in installation of equipment, fixtures and signs.

During the operation of your business, we:

- 1) May furnish advice and guidance to you on the operation of your L  berry Bakery & Donut establishment, which may include helping you to develop your annual business plan, through a variety of methods of communication, including site visits, telephone calls and electronic communication (See Franchise Agreement, Section 2D).
- 2) Will provide yearly refresher training, which you will be required to attend (See Franchise Agreement, Section 2A).
- 3) May organize franchisee meetings periodically, which you will be required to attend (See Franchise Agreement, Section 2A).
- 4) Will provide additional training if you request it (and we agree) or we determine that it is necessary (See Franchise Agreement, Section 2A).
- 5) May prepare and disseminate promotional and advertising strategies and materials for your use (See Franchise Agreement, Section 8A).
- 6) Will evaluate and decide whether or not to consent to any advertising materials you propose to use (See Franchise Agreement, Section 8C).
- 7) May establish a mystery establishment program, in which you may be required to participate (See Franchise Agreement, Section 7B).
- 8) May conduct ourselves, or contract with a supplier to provide, quality assurance audits for your L  berry Bakery & Donut establishment, which may include monitoring and observing your L  berry Bakery & Donut establishment using the video surveillance cameras you must install and to which we will have access (See Franchise Agreement, Section 7A).

Advertising and Marketing

We have established a system marketing fund to which you are required to contribute. As of the date this Disclosure Document was issued, you must contribute 2.5% of your gross revenues to the system marketing fund, but we may increase this amount to up to 4% of gross revenues. We may elect to disseminate advertising through social media, television, radio and print media such as websites, magazines, billboards, flyers or mailers and newspapers. We may utilize the marketing fund for public relations, search engine optimization, consumer research, and for designing marketing materials to be used locally by franchisees. The media coverage will initially be local in scope, but may expand to be regional and later, at our discretion, national. We are not required to spend any specific amount on advertising in the area in which your Lèberry Bakery & Donut establishment is located. We may use the system marketing fund to employ an outside consultant or advertising agency to assist in the development, production and dissemination of advertising materials. We may also use the system marketing fund to develop promotional and advertising materials for your use. We may spend the system marketing fund on administrative expenses including allocation of overhead and salaries of our personnel. No expenditures will be made from the system marketing fund principally to solicit new franchise sales.

We may deposit amounts contributed to the system marketing fund in our general operating account. The fund is not audited, but we may prepare periodic financial reports on the system marketing fund and, if we do so, they will be available to you upon reasonable request. Any amounts in the system marketing fund not spent during one year will carry over to the next year.

We require franchisees to contribute to the system marketing fund at the same rate, although there may be exceptions in some circumstances, such as non-traditional allocations. Our affiliate's Lèberry Bakery & Donut establishments may also contribute to the system marketing fund.

We require that you spend the greater of 3.5% of gross revenues or \$2,500 per month on local advertising and promotions to which we have consented. We may increase this amount in the future. You must submit receipts documenting your local advertising and promotions activity upon request. As of the date this Disclosure Document was issued, we require you to retain the services of a digital marketing firm we designate to conduct digital marketing as we direct. The set up for this service is \$2,000 as of the date this Disclosure Document was issued.

We require that you spend at least \$10,000 to \$15,000 on grand opening advertising. We will assist you in developing your grand opening advertising and promotions strategy, for which you must obtain our consent. We reserve the right to collect all or a portion of the minimum of \$10,000 to \$15,000 from you and implement grand opening advertising and promotions on your behalf.

We may require franchisees to form local marketing cooperatives when unit development in the marketing area makes such an option feasible. If such a marketing cooperative is formed in your area, we may require that you contribute to the cooperative up to 50% of your revenues allocated to local advertising.

You may use your own advertising materials, such as point-of-purchase materials and menus, only after we have reviewed them and consented to their use. You must submit such advertising

materials to us at least ten days before disseminating them. We may also require you to use certain point-of-purchase advertising materials at your Lèberry Bakery & Donut establishment.

We may develop discount programs, coupon, gift card or online ordering programs or other types of customer loyalty programs in the future. If we do so, you must participate.

We do not currently have a franchisee advisory council, but reserve the right to create one in the future.

You may not establish any website, social media page, domain name or URL address without receiving our prior written permission.

Computer System and Software

As of the date this Disclosure Document was issued, we require you to purchase an Apple iPad and a point-of-sale system, accounting software and virus protection software suite that we designate in the Lèberry Bakery & Donut Standards Manual. You must have high-speed access to the Internet.

We estimate the cost to buy the Apple iPad and all other hardware and software you will need to start your business is \$6,000 to \$15,000. We charge a technology fee of up to \$300 per month (currently \$250 per month as of the date this Disclosure Document was issued) to provide you with technological services such as a help desk, an Intranet or website support.

We will have independent access to the information on your computer system and on your surveillance cameras, and we will be able to download it. There is no contractual limit on our right to do so.

We may change the computer system and software we require you to use at any time. If we develop proprietary software, we may require you to use it. If we do, you may have to enter into a software license with us or our affiliate and pay a licensing fee.

Neither we nor our affiliate or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software you must use in your Lèberry Bakery & Donut establishment. We may require you to maintain, repair, upgrade or update any computer equipment you utilize in your business and there are no contractual limitations on the frequency or cost of your obligation to do so. We estimate that your annual cost to do so will range from \$3,000 to \$7,000.

Training

Following is information on the training program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-Site Training	Location
History of Lêberry Bakery & Donut	2	0	Pasadena, CA
Use of the Manual	2	0	Pasadena, CA
Tour of Lêberry Bakery & Donut	1	0	Pasadena, CA
Pre-Opening Procedures	3	0	Pasadena, CA
Personnel Issues	2	0	Pasadena, CA
Advertising	4	2	Pasadena, CA
Management Procedures	4	5	Pasadena, CA
Franchise Reporting Requirements	2	1	Pasadena, CA
Accounting/Recordkeeping	2	2	Pasadena, CA
Customer Service Procedures	2	10	Pasadena, CA
Front/Back of House – Manager Duties	2	10	Pasadena, CA
Back of House – Prep/Cook Procedures	2	50	Pasadena, CA
Inventory Management	2	5	Pasadena, CA
POS System and Cash Management	2	8	Pasadena, CA
Cleaning Procedures	2	10	Pasadena, CA
Safety Procedures	2	2	Pasadena, CA
Totals	36	105	

Training programs are held when necessary to train new franchisees.

Initial training will last approximately three weeks and take place at our affiliate's Lêberry Bakery & Donut establishment in Pasadena, California, or another location we designate. We will also provide on-site assistance for you and your staff for at least four days, two days before and two days after the opening of your Lêberry Bakery & Donut establishment.

Before you open your Lêberry Bakery & Donut establishment, up to seven people, including you, your operating partner and your general manager, must successfully complete our initial training program. You will receive no compensation or reimbursement for services or expenses for participation in training. We will not charge you to train up to seven persons at the same time, but we may charge you a fee to train more than seven persons or to conduct initial training at a later time. You will be responsible for all of your and your employees' expenses to attend the training program, including any lodging, transportation and food.

Our senior management personnel or our trainers will conduct initial training. Instructors have a

minimum of one year of experience in the field, and they may not necessarily have any experience with us or our affiliate.

You, your operating partner and your general managers must attend and complete initial training to our satisfaction between 45 and 60 days before opening your Lêberry Bakery & Donut establishment. If you fail to complete the training to our satisfaction, we may terminate your franchise. In addition to the initial training, we may require you and your personnel to attend remedial training if we determine your Lêberry Bakery & Donut establishment is not operating to our standards. Moreover, we may require you to undergo, or you may request, onsite or additional training or operations assistance over and above our normal course of training. If we require you to attend remedial training or you request additional training or assistance and we agree to provide it, you must pay a daily training rate per trainer and all of your own expenses in connection with training along with all of the trainer's travel expenses.

We require you and certain of your personnel to attend refresher training for up to five days per year, which will take place at our affiliate's Lêberry Bakery & Donut establishment in Pasadena, California, or another location we designate. We may also require you to attend a national business meeting or convention for up to three days per year. You will pay all direct costs, such as travel and accommodation, for you and your personnel attending these events.

You are responsible for training any employees that you employ in your Lêberry Bakery & Donut establishment.

If you enter into an Area Development Agreement with us, we grant you the right to sign Franchise Agreements for Lêberry Bakery & Donut establishments to be located in your development area. The Area Development Agreement does not require us to provide any additional services to you other than those described above.

ITEM 12. TERRITORY

You receive the right to operate a Lêberry Bakery & Donut establishment at a location in your protected area. The size of your protected area may be determined by a number of factors that are unique to your market. Your protected area will have a population of at least 30,000 people at the time you sign your Franchise Agreement. The boundaries of your area will be defined by a radius, zip codes, census blocks, municipal boundaries, roadways or other factors that we utilize. Your protected area will be specifically designated in the Franchise Agreement and may not include the entire city or zip code. Your continued right to operate your Lêberry Bakery & Donut establishment in your protected area is not dependent on your meeting any specific sales quotas.

If you have not determined where your Lêberry Bakery & Donut establishment will be located when you sign the Franchise Agreement, the Franchise Agreement will identify the general area in which you must secure a location for your Lêberry Bakery & Donut establishment. There may be other Lêberry Bakery & Donut franchisees seeking locations within this general area. You do

not have any territorial rights to this general area.

You may not relocate your Lêberry Bakery & Donut establishment or establish additional Lêberry Bakery & Donut establishments without our prior written consent. If we agree to evaluate your request to relocate, you must pay us a relocation fee of 35% of our then-current initial franchise fee and reimburse us for any travel and other expenses we incur to evaluate your request. In general, the factors that we may consider in deciding whether to consent to your request are demographic changes with respect to the location of your Lêberry Bakery & Donut establishment and the performance of your Lêberry Bakery & Donut establishment.

Our founders have a right of first refusal to develop Lêberry Bakery & Donut establishments in Southern California. Other than that, we have not granted any options, rights of first refusal or similar rights to acquire additional franchises.

Except for non-traditional locations, if you are in compliance with your obligations under the Franchise Agreement, you will have certain rights in your protected area. We will not operate Lêberry Bakery & Donut establishments in your protected area and we will not license third parties to do so. Non-traditional locations are enclosed establishment centers, grocery stores, airports, train stations, hotels, convention centers, arenas and stadiums, casinos, college campuses, amusement or theme parks, fairs, museums, charity and special events or similar venues and we can operate or franchise Lêberry Bakery & Donut establishments in these locations even if they are in your protected area. We also reserve the right to sell our proprietary products in your protected area through other channels of distribution such as supermarkets and box stores.

We also reserve the right to establish regional or national accounts with companies that wish to conduct business across multiple franchised or company-owned territories. These agreements may contain specific standards for products and services offered, and may also contain special pricing. If we do so, you must perform services based on the terms of our agreements with these third parties. If you are unable to service a regional or national account customer or decline to do so, we can service the customer in your territory directly or through another franchisee.

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

You may not sell products at wholesale. You do not have the right to offer catering and delivery services, although we may permit or require you to do so, but we may instead do so ourselves or authorize a third party to do so. We may permit or require you to offer online ordering for customer pickup in store and delivery through third parties during certain hours of the day and to conduct offsite sales at special events, such as pop-up stores, community events and fundraising efforts. We reserve the right to develop a catering and delivery program in the future. If we do so, we may require you to participate.

We also reserve the right to negotiate regional or national accounts with individuals or companies that wish to conduct business across multiple Lêberry Bakery & Donut

establishments. If we do so, you will be required to accept the terms of any regional or national account agreements that we negotiate.

You may not conduct advertising outside of your protected area, but you may serve customers from outside of your protected area if they come to your Lèberry Bakery & Donut establishment. You do not have the right to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing to make sales either inside or outside of your protected area.

We reserve all rights that we do not grant to you. For example, we reserve all rights to sell our proprietary products to restaurants or other locations in your protected area that are not Lèberry Bakery & Donut establishments, to promote Lèberry Bakery & Donut establishments and to sell Lèberry Bakery & Donut products and other products using other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing or at special events, supermarkets, grocery stores, box stores and similar locations. We do not have to pay you if we solicit or accept orders from inside your protected area.

We anticipate requiring you to pay the cost of establishing a micro-site in connection with our website. We operate a website that uses our name and other trademarks and features our products. You may not develop or operate a separate website relating to your Lèberry Bakery & Donut establishment or using our marks without our permission.

You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, SnapChat, Instagram, LinkedIn or any other social or professional networking blog, app, or website) or mention or discuss the franchise, use any of our affiliates, without our prior written consent. If we do consent, we have the right to review all on-line content on social media sites, blogs, in electronic communications and on other on-line sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks. We may require you to remove any questionable usage or content involving our trademarks. We may also require you to cease using our trademarks at all such sites.

Our affiliate owns and operates bakery and donut establishments under the name Lèberry Bakery & Donut in Pasadena, California. As of the date this Disclosure Document was issued, neither we nor any of our affiliates operates, franchises or has plans to operate or franchise a business under a different trademark that will offer similar services to the ones you will offer as a Lèberry Bakery & Donut franchisee, but we reserve the right to do so. We also reserve the right to acquire similar competing brands or to be acquired by another entity without your consent or any notice to you.

The Area Development Agreement grants you the right to open a number of Lèberry Bakery & Donut establishments in a development area. We will not operate Lèberry Bakery & Donut establishments or grant franchises to other franchisees to do so in your development area for the term of the Area Development Agreement, except if there is already a Lèberry Bakery & Donut establishment operating in the development area before you sign the Area Development Agreement. In that case, the establishment and its protected area will be excluded from your

development area. The boundaries of the development area will be outlined on a map attached to the Area Development Agreement. You do not receive any rights to offer catering or delivery services under the Area Development Agreement. In addition, we may authorize another franchisee to offer catering services or to make off-site deliveries within your development area.

The exact number of Lèberry Bakery & Donut establishments that a developer must open each year is determined when you sign the Area Development Agreement and is based upon the market potential of the development area and other operational considerations.

You must open a certain number of Lèberry Bakery & Donut establishments in your development area according to a schedule that will be attached to the Area Development Agreement. If you do not do so or if you default on your obligations under the Area Development Agreement, we may terminate the Area Development Agreement and retain the development fee in full and you may lose your territorial rights. Alternatively, we may reduce the number of Lèberry Bakery & Donut establishments that you may develop in your development area or terminate or reduce your rights in that area.

ITEM 13. TRADEMARKS

We will grant you the right to conduct business operating a bakery and donut establishment under the name “Lèberry Bakery & Donut,” a design logo using the same words as seen on the cover page to this Disclosure Document and related trademarks. You must also use other trademarks that we develop or prescribe to identify your business and its services and products. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business, its services and its products.

As of the date of this Disclosure Document, our affiliate, Le Organics Inc, has licensing trademark agreement with Le Chocolat Corp who has filed trademark applications based on actual use (pending approval) for the following marks to the U.S. Patent and Trademark Office (“USPTO”):

Mark	Class	Serial Number	Filing Date
Lèberry	IC 030, US 046 (baked desserts, vegan, gluten-free)	90498761	January 29, 2021
	IC 030, US 046 (baked desserts, vegan, gluten-free)	90523666	February 10, 2021

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use

the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Other than the above office actions, as of the date this Disclosure Document was issued, there are no other currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court, or any pending infringement, opposition or cancellation or any pending material litigation involving the principal trademarks.

You must follow our rules when you use these trademarks. You must use the ® symbol anytime you use our trademarked name or logo. You must use the ™ symbol any time you use other unregistered trademarks we designate, including the ones listed above. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by us.

We received the right to use these trademarks and to license their use to you under a trademark license agreement with our affiliate, Le Chocolat Corporation, dated as of April 20, 2021. Unless terminated, this agreement continues perpetually, and the agreement may not be modified without both parties' consent. If the trademark license agreement is terminated for any reason or expires, it provides that Le Organics Inc will continue to honor the rights we granted to you. No other agreements limit our right to use or license the use of the trademarks.

You must notify us immediately when you learn about a challenge to your use of our trademarks. The Franchise Agreement requires us to protect you against claims of infringement if you are using the trademarks as required by the Franchise Agreement and if you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any proceedings or litigation and decide whether or not to settle any action. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of our trademarks that you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We have the right to control any administrative proceeding or litigation involving our trademarks. You do not have the right to file or settle a claim without our consent.

If we decide to add a new trademark or modify or discontinue the use of any trademark, you must use the new trademark or change or discontinue the use of the trademark, all at your expense. You must not contest our affiliate's right to its trademarks or our right to use them.

We are not aware of any donut and bakery establishment in the U.S. that use "Lêberry Bakery & Donut."

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent.

We claim a copyright in our Lèberry Bakery & Donut Standards Manual, marketing materials and other promotional and operational literature we develop, although we have not filed for copyright registration. You must not contest our right to our copyrights.

There are no currently effective material determinations of the USPTO, the United States Copyright Office or a court regarding any copyright we own. There is no material pending proceeding the USPTO or any court concerning any such copyright.

You must notify us immediately when you learn about a challenge to use of our copyrighted materials. We will defend you against claims of infringement if you are using the copyrighted material as required by the Franchise Agreement, if you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any administrative proceedings or litigation involving the copyrighted materials. You do not have the right to file or settle a claim without our consent.

If you learn about a third party's use of these copyrighted materials that you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so. We do not know of any infringing uses that could materially affect your use of our copyrighted materials.

You also receive the right to use certain of our trade secrets and confidential and other proprietary information, including our recipes and proprietary methods of preparation.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE

We require that you or your operating manager who has successfully completed initial training directly operate your Lèberry Bakery & Donut establishment. If you have not previously owned or managed a food and beverage facility, we may require that you designate an operating partner who is an owner of at least 10% of the franchisee. The operating partner must live in the area near your Lèberry Bakery & Donut establishment and work actively in your Lèberry Bakery & Donut establishment. Your operating partner is subject to our consent. If your operating partner is terminated or elects to end his or her relationship with you, you must recruit a new operating partner within 30 days and submit his or her qualifications to us for review and approval.

We require that you, your operating partner and general manager, complete initial training to our satisfaction. We may also require your operating partner and general manager to sign a confidentiality and non-competition agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and sell those products and services to which we have given our consent. You may not sell products or services at wholesale. You may not provide online ordering, delivery, catering, or offsite services without our consent. If we do grant our approval for you to provide these types of services, you may only do so within your protected area or an area we designate which may be smaller.

You must also offer all menu items that we designate and you may not offer any other menu items without our consent. We can add to the approved menu items you must offer, delete them or change them at any time.

You must offer all goods and services that we designate unless we otherwise agree in writing. There are no limits on our right to do so.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

FRANCHISE AGREEMENT **THE FRANCHISE RELATIONSHIP**

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1E(1)	10 years.
b. Renewal or extension of the term	Section 1E(2)	If you meet certain conditions, you can enter into the then-current renewal Franchise Agreement for up to two additional terms of 5 years.
c. Requirements for franchisee to renew or extend	Section 1E(2)	You must sign our then-current form of Franchise Agreement; you must be in full compliance under all agreements

		with us or our affiliates; you must pay all that you owe us plus a successor agreement fee of \$5,000; you and your personnel must successfully complete refresher training; you and your owners must sign a general release; you must not have received three or more default notices in any 24 month period; we must not have decided to withdraw from your market; you must meet requirements for new franchisees; you must remodel and update your Lèberry Bakery & Donut establishment premises; you must have the right to occupy the premises for the renewal term; you must give us 180 days' notice of your election to renew and return documents within 30 days; you may be asked to sign an agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 11	We can terminate only if you default or if the events described in Provisions g and h occur.
g. "Cause" defined-curable defaults	Section 11B	You have five days to cure nonpayment and up to 30 days for other types of noncompliance, subject to applicable law.
h. "Cause" defined-non-curable defaults	Section 11A	Noncurable defaults (subject to applicable law): bankruptcy; you admit inability to pay debts when due; insolvency; application for receiver is made and not resolved favorably in 30 days; abandonment; your material misrepresentation to us; your failure to

		begin operating your Lèberry Bakery & Donut establishment within the period required by the Franchise Agreement; unauthorized transfer; termination of any other agreement with us because of your breach; your unauthorized use of trademarks or confidential information; failure to complete initial training to our satisfaction, intentional failure to report to us all gross revenues; you offer unauthorized goods or services; you incur insufficient funds fee on three or more occasions in a 12-month period; your right to operate under any license or permit is suspended, terminated or interrupted; conviction of a felony or other criminal misconduct or conduct which reflects unfavorably on us or our system; noncompliance with law within three days after notice; repeated failure to comply with franchise requirements (three or more times during 24-month period); seizure by government official or lienholder; eviction from premises; final judgment of more than \$5,000 remains unsatisfied for 30 days; undischarged levy of execution on franchise; danger to public health or safety; you become a specially designated national or blocked person under the U.S. anti-terrorism laws.
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i. Franchisee's obligations on termination/non-renewal	Section 12	Pay all amounts due to us and our affiliates; discontinue use of trademarks, trade dress and system; de-identify; return or destroy all products with our trademarks; return Lêberry Bakery & Donut Standards Manual and other confidential information; assist in smooth transition of business; refrain from soliciting customers; refrain from making disparaging remarks; turn over all customer information to us; assign to us telephone and facsimile numbers and e-mail addresses; and cancel fictitious business name statement (also see below).
j. Assignment of contract by franchisor	Section 13A	No restriction on our right to assign.
k. "Transfer" by franchisee – definition	Section 13B(2)	Includes transfer of Agreement, assets of Lêberry Bakery & Donut establishment or greater than 10% ownership interest in franchisee.
l. Franchisor approval of transfer by franchisee	Section 13B(1)	You must obtain our consent to all transfers.

m. Conditions for franchisor approval of transfer	Section 13B(3)	You must be in good standing; your L��berry Bakery & Donut establishment must meet our then- current standards; your lessor consents; the transferee must meet qualifications for new franchisee; the transferee must sign the then-current form of Franchise Agreement and guaranty; the transferee must successfully complete our training; you must pay the transfer fee; you and your owners must sign a general release; the transferee's obligations to you must be subrogated to your obligations to us; you must transfer all of your agreements with us; and the transferee must not be a specially-designated national or blocked person; if you are an individual and want to transfer your franchise to an entity, you must own the entity, sign a personal service agreement with the entity, the entity must agree to the Franchise Agreement (you remain responsible as well), the L��berry Bakery & Donut establishment must be the sole business of the entity and you must reimburse us for our expenses.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13C	We or our nominee can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 12D	We or our nominee have the option of acquiring your assets if the Franchise Agreement expires or terminates.
p. Death or disability of franchisee	Section 13D	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for franchisees or transfer the franchise to a qualified buyer within 60 days.

q.	Non-competition covenants during the term of the franchise	Sections 10A(1) and 10B	You may not be involved in any similar business.
r.	Non-competition covenants after the franchise is terminated or expires	Sections 10A(2) and 10B	You may not operate a similar business within 20 miles of your territory for two years after termination or expiration. You may not solicit our employees or those of other franchisees.
s.	Modification of the agreement	Section 15I	No modification without a writing signed by you and us, except that we may amend the Lëberry Bakery & Donut Standards Manual.
t.	Integration/merger clause	Section 15I	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 15J	Except for certain claims, all disputes must be mediated and if not resolved, arbitrated.
v.	Choice of forum	Section 15J	Location of our headquarters, currently Los Angeles County, California.
w.	Choice of law	Section 15J(1)	California law applies.

AREA DEVELOPMENT AGREEMENT

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 10B	From date of execution to opening date of last location
b. Renewal or extension of the term	Section 10B	No right to renew.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 10	We can terminate only if you default or if the events described in g and h occur.
g. "Cause" defined - curable defaults	Section 10B	You have five days to cure nonpayment and up to 30 days for other types of noncompliance, subject to applicable law.

h. “Cause” defined- non-curable defaults	Sections 10A and 10C	Noncurable defaults (subject to applicable law): bankruptcy; you admit to inability to pay debts when due; insolvency; application for receiver is made and not resolved favorably in 30 days; abandonment; your material misrepresentation to us; unauthorized transfer; your unauthorized use of confidential information; conviction of a felony or other criminal misconduct or conduct which reflects unfavorably on us or our system; noncompliance with law within three days after notice; repeated failure to comply with requirements of agreement (three or more times during 24-month period); final judgment of more than \$5,000 remains unsatisfied for 30
		days; undischarged levy of execution on franchise; failure to meet schedules set forth in Agreement; you become a specially designated national or blocked person under the U.S. anti-terrorism laws
i. Franchisee’s obligations on termination/ non-renewal	Section 10F	Pay all amounts due to us and our affiliates; return all confidential information; assist in smooth transition of business; refrain from soliciting customers, refrain from making disparaging remarks, assign to us telephone and facsimile numbers and email addresses (also see Provision r below).
j. Assignment of contract by franchisor	Section 11A	No restriction on our right to assign.
k. “Transfer” by franchisee – definition	Section 11B(2)	Includes transfer of Agreement, or transfer of the business or greater than 10% ownership interest in developer.

l. Franchisor approval of transfer by franchisee	Section 11B(1)	You must obtain our consent to all transfers.
m. Conditions for franchisor approval of transfer	Section 11B(3)	You must be in good standing; your L��berry Bakery & Donut establishments must be in compliance with our then-current standards; the transferee must meet qualifications for new developers; the transferee must sign the then-current form of Area Development Agreement and guaranty; you must reimburse us for our expenses to process the transfer; you and your owners must sign a general release; the transferee's obligations to you must be subrogated to your obligations to us; you must transfer all of your agreements with us; and the transferee must not be a specially-designated national or blocked person; if you are an individual and want to transfer your rights under the Area Development Agreement to an entity, you must own the entity, sign a personal service agreement with the entity, the
		entity must agree to the Area Development Agreement (you remain responsible as well), the L��berry Bakery & Donut establishment must be the sole business of the entity and you must reimburse us for our expenses.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11C	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable

p. Death or disability of franchisee	Section 11D	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for developers or transfer the business to a qualified buyer within 60 days.
q. Non-competition covenants during the term of the franchise	Section 9(1)	You may not be involved in any similar business.
r. Non-competition covenants after the franchise is terminated or expires	Section 9(2)	You may not operate a similar business within 20 miles of your territory for two years after termination or expiration. You may not solicit our employees or those of other franchisees.
s. Modification of the agreement	Section 12I	No modification without a writing signed by you and us.
t. Integration/merger clause	Section 12I	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. Nothing in the Area Development Agreement is intended to disclaim anything contained in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 12J	Except for certain claims, all disputes must be mediated and if not resolved, arbitrated.
v. Choice of forum	Section 12J	Location of our headquarters, currently Los Angeles County, California.
w. Choice of law	Section 12J(1)	California law applies.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise as of the date this Disclosure Document was issued, but we may do so in the future. Although the Franchise Agreement does not prohibit you from using a public figure in promotion or advertising, we must approve any public figure, media, time and text that you propose to use.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 Dr. Jennifer Le, CEO, at 445 E Colorado Blvd Pasadena, CA 91101, 626-993-9898, leberrybd@gmail.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary for Year 2018 to 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company-Owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Total Outlet	2018	0	0	0
	2019	0	0	0
	2020	0	0	0

Table 2
Transfer of Outlets from Franchisees to New Owners
(Other than the Franchisor) for Year 2018 to 2020

State	Year	Number of Transfer
-	2018	0
	2019	0
	2020	0

Table 3
Status of Franchised Outlets for Year 2018 to 2020

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisors	Ceased Operations – Other Reasons	Outlets at the End of Year
--	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Total Outlet	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets for Year 2018 to 2020

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisors	Ceased Operations – Other Reasons	Outlets at the End of Year
--	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Total Outlet	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

Table 5
Projected New Franchised Outlets as of December 31, 2020

State	Franchise Agreements Signed but Outlets Not Operated	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	3	0
Total	0	3	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Lèberry Bakery & Donut franchise.

Please find the contact information of the current franchisees in Exhibit I.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict their ability from discussing with you their experience as a franchisee of Lèberry Bakery & Donut.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C to this Franchise Disclosure Document is our opening balance sheet as of April 30, 2021. Our fiscal year end is December 31. We have not been in operation long enough to have 3 years' worth of financial statements.

ITEM 22. CONTRACT

The following agreements are exhibits to this Disclosure Document:

- A. Franchise Agreement (Exhibit D)
- B. Area Development Agreement and Addenda (Exhibit E)
- C. Form of SBA Addendum to Franchise Agreement (Exhibit H)

ITEM 23. RECEIPT

The final two pages of this Franchise Disclosure Document is the receipt that will be used and a duplicate for your records. Please sign it, date it using the date you receive this Franchise Disclosure Document, and return it to us. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise.

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:

California Effective Date: Pending

This Franchise Disclosure Document is effective to all states that do not require filing or registration and only require adherence to guidelines with an approved Franchise Disclosure Document. These states include: Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, District of Columbia, Georgia, Idaho, Iowa, Kansas, Louisiana, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Vermont, West Virginia and Wyoming.

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Le Organics 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 we give you this Disclosure Document at the earlier of the first personal meeting or 15 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 15 days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Le Organics 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 applicable state agency listed in Exhibit A.

Following is information about the franchise seller involved in this transaction:

- ☐ Jennifer Le, 445 E Colorado Blvd Pasadena, California 91101; (626) 993-9898.
- ☐ Raynard Ledford, 445 E Colorado Blvd Pasadena, California 91101; (626) 993-9898.

Issuance Date: _____

Le Organics Inc authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated _____ that included the following Exhibits:

- A. List of State Franchise Administrators
- B. List of Agents for Service of Process
- C. Financial Statements
- D. Franchise Agreement
- E. Area Development Agreement and Addenda
- F. State Effective Dates Addenda to Franchise Disclosure Document
- G. Lèberry Bakery & Donut Standards Manual Table of Contents
- H. Form of SBA Addendum to Franchise Agreement
- I. List of Operating Franchisees

Date: _____ Establishment Address: _____
Franchisee Signature: _____
Print Name: _____
Individually and as an officer, partner or member of _____,
a _____, which has been or will be formed to act
as franchisee.
Address: _____
Last 4 Digits of Social Security Number: _____ Email: _____

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Le Organics 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.

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Print Name: _____
Individually and as an officer, partner or member of _____,
a _____, which has been or will be formed to act
as franchisee.
Address: _____
Last 4 Digits of Social Security Number: _____ Email: _____