

FRANCHISE DISCLOSURE DOCUMENT



Nekter Franchise, Inc.
1844 E. Carnegie Avenue
Santa Ana, California 92705
Telephone: 1-800-385-1650
franchise@nekterjuicebar.com
www.nekterjuicebar.com

You will operate a retail store that offers fruit and vegetable juices, smoothies, specialty drinks, cleanses, acai bowls, and other health-centric products and related items in a contemporary environment under the NÉKTƏR JUICE BAR® trademarks.

The initial investment necessary to begin operation of a NÉKTƏR JUICE BAR® franchise ranges from \$224,500 to \$551,600. This includes \$45,000 to \$145,000 that must be paid to the franchisor or its affiliates. If you are acquiring the right to open three or five locations under our development agreement, instead of paying us the \$45,000 initial franchise fee for one location you will pay to us either \$96,000 for the development of two Stores or \$145,000 for the development of five Stores under the terms of our development agreement. Upon signing, you will pay to us a Development Fee equal to 100% of the Initial Franchise Fee due for each Store you commit to develop.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Jeff Barney at 1844 E. Carnegie Avenue, Santa Ana, California 92705, 1-800-385-1650, franchise@nekterjuicebar.com.

The terms of your contract will govern your franchise relationship. Don't rely on this 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.

Date of Issuance: May 28, 2020

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only NEKTØR JUICE BAR business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a NEKTØR JUICE BAR franchisee?	Item 20 or Exhibit E 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 G.

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 litigation only in California. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate 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.

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonably qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a *bona fide* third party willing and able to purchase those assets, nor does it prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful

provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

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

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

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, "we", "us" or "our" means Nekter Franchise, Inc., the franchisor. "You" means the business entity, persons, or persons who sign the franchise agreement, the franchisee. If the franchisee is a corporation, limited liability company, partnership, or other entity, the term "you" does not include the entity's principals unless otherwise stated.

The Franchisor, and Any Parents, Predecessors and Affiliates

We are a California corporation formed on July 6, 2012, and only do business under our corporate name. Our principal business address is 1844 E. Carnegie Avenue, Santa Ana, California 92705. Our agents for service of process are listed in [Exhibit G](#) of this disclosure document. We do not have any predecessors. We have never offered franchises in any other lines of business and began offering franchises of the type described in this disclosure document in June 2012. We do not conduct any other business activities other than offering and supporting NÉKTØR JUICE BAR® franchised stores.

Our parent company, Nekter Juice Bar, Inc. ("NJB"), was formed on May 27, 2010, and shares our principal business address. NJB owns, or jointly owns, and operates 43 NÉKTØR JUICE BAR® Stores as of the date of this disclosure document. NJB also manufactures and distributes juices and cleanses to both NJB owned and franchised NÉKTØR JUICE BAR® Stores. Also, NJB owns the System marks and licenses them to us for both our use and to sublicense them to franchisees. NJB has never offered franchises of the type described in this disclosure document, nor in any other line of business.

The Franchise Offered

We grant franchises for the operation of retail stores ("Stores") that offer fruit and vegetable juices, smoothies, specialty drinks, cleanses, acai bowls, and other health-centric products and related items in a contemporary environment under the NÉKTØR JUICE BAR® trademarks as well as other trademarks, service marks, logos, catch phrases, and indicia of origin ("Marks").

Our proprietary business format and system ("System") includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings; our proprietary products and recipes; operation, and customer service standards and procedures; advertising and marketing specifications and requirements; and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a NÉKTØR JUICE BAR® Store, all of which we may change, improve, and further develop (collectively, our "Standards").

A typical Store is located in or adjacent to a major shopping mall, outlet mall, retail strip mall, or shopping center, or, in the alternative, in an urban storefront, and ranges between 800 to 1,400 square feet. You will operate the Store according to our standard franchise agreement (see [Exhibit B](#)) and our Standards, specification, policies, and procedures which will be communicated to you via our confidential operations manuals and other written directors (collectively, our "Manuals").

If we approve your application to develop multiple Stores you will sign our current Area Development Agreement (see [Exhibit C](#)). The Area Development Agreement will state the total number of Stores to be developed within a specified area ("Development Area") and will establish a development timetable (the "Development Schedule"). Each Store developed under the Area Development Agreement will operate according to a separate Franchise Agreement. Your first Store will operate according to the terms of our current Franchise Agreement (see [Exhibit B](#)). Your second Store and each additional Store developed under the Area Development Agreement will operate according to the terms of the franchise agreement then being offered to new franchisees, which may be materially different than our current Franchise Agreement.

Market and Competition

The market for our juices, smoothies, specialty drinks, cleanses, acai bowls, non-dairy frozen treats, and related health-centric foods and beverages is competitive and evolving. Seasonality is typically dependent

on climate as sales tend to be stronger during the year's warmer months. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, seasonal population fluctuation, and travel patterns. You will compete with various established national and local juice and smoothie companies, and other similar outlets offering juices, smoothies, cleanses, acai bowls and similar offerings, which may or may not have outlets in your area.

Industry Specific Regulations

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Store, including those which (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Store location; (3) regulate food preparation, food service, food handling, and menu labeling requirements; (4) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements; (5) set standards pertaining to employee health and safety, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws; (6) set standards and requirements for fire safety and general emergency preparedness, (7) regulate the proper use, storage and disposal of waste and other hazardous materials; and (8) set data privacy standards. Regulations vary widely from area to area and you will have to comply with all applicable federal, state, and local laws and regulations in connection with the operation of your Store.

It is solely your responsibility to comply with all applicable laws and regulations and to obtain and keep in force all necessary licenses and permits required by public authorities. Before purchasing the franchise, we strongly urge you to consult with your attorney concerning these and other local, state, and federal laws and ordinances that may affect your Store's construction and operation.

ITEM 2 BUSINESS EXPERIENCE

Co-Founder and Chief Executive Officer: Steve Schulze

Steve is the co-founder of Nekter Franchise, Inc. and has been its Chief Executive Officer since its inception. Steve is also the co-founder of Nekter Juice Bar, Inc. and has been its CEO since its inception in May 2010.

Chief Visionary Officer: Alexis Schulze

Alexis has served as our Chief Visionary Officer since July 2012.

Vice President of Business Operations: Natalie Green

Natalie has served as our Vice President of Business Operations since October 2016. Natalie also served as our Controller from December 2014 until October 2016.

Director of Franchising: Jeffrey Barney

Jeff has served as our Director Franchising since September 2019, and from January 2017 until September 2019 served as our Director of Training and Development. Previously, from July of 2015 through December of 2016, Jeff served as the Director of Training and Development for Nekter Juice Bar, Inc. and District Manager for Nekter Juice Bar, Inc. from December 2014 through July 2015.

Director of Real Estate: Paige Velzeboer

Page has served as our Director of Real Estate since February 2020. Previously, from January 2018 until January 2020, Paige served as the Director of Real Estate for Main & Main in Irvine, California. From June 2017 until December 2017 she served as the Senior Director of Real Estate for Forever 21 in Los Angeles, California. From July 2015 until May 2017 she served as Associate Vice President for CIM Group in Los Angeles, California. From January 2015 to June 2015 she served as the Senior Director of Real

Estate for NBC Universal in Universal City, California. Finally from October 2012 until December 2014, she served as a Store Development Manager for Starbucks in Seattle, Washington.

Director of Construction: Phillip Notaro

Phil has served as our Director of Construction since April 2018. Previously, from November 2016 until September 2017 Phil served as the Director of Construction for Pressed Juicery in Santa Monica, California. From February 2007 until November 2016, Phil served as the Senior Director of Construction for Robecks, Inc. in Los Angeles, California.

Vice President of Supply Chain: Andrea Reade

Andrea has served as our Vice President of Supply Chain since September 2019. Previously, from September 2016 until September 2019, Andrea served as the Vice President of Purchasing for Stir Foods in Corona, California. From February 2014 through September 2016, Andrea served as the Vice President of Purchasing and Supply Chain for Nekter Juice Bar, Inc.

Director of Operations: Zach Anderson

Zach has served as our Director of Operations since August 2019. Previously, from June 2016 until August 2019, Zach served as the Regional Director of Operations for Nekter Juice Bar, Inc. From April 2015 through June 2016, Zach served as a District Manager for Nekter Juice Bar, Inc.

Director of Training and Development: Corryn Dotson

Corryn has served as our Director of Training and Development since November 2019. Previously, from October 2018 through October 2019, Corryn served as the Training and Development Manager for Nekter Juice Bar, Inc. Before that, Corryn served as the Operations Support Leader for Nekter Juice Bar, Inc. from June 2017 through September 2018. From July 2012 through June 2017, Corryn served as the Director of Training for SOL Mexican Cocina in Newport Beach, California.

**ITEM 3
LITIGATION**

Jason and Julie Mandelaris, Michael and Ashley Kearns, Muchos Mahalos, LLC, A'Ole Pilika, LLC, Humuhumu, LLC, Mahalos Sandy, LLC, Mahalos Woods Cross, LLC, Mahalos Thanksgiving point, LLC v. Nekter Franchise, Inc., Netker Inc. Case No. 91-20-0005-1909. On May 7, 2020, Plaintiffs a current franchisee of one location and former franchisee of two locations filed an arbitration action claiming intentional misrepresentation, false promise, negligent misrepresentation, violation of unfair business acts and practices statute, and unjust enrichment, asking for monetary relief and awarding of attorneys fees and costs. Franchisor intends to vigorously defend this matter and pursue its related counterclaims.

Other than the above matter, no litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

When you sign the Franchise Agreement, you will pay us an Initial Franchise Fee. Your Initial Franchise Fee for a single Store is \$45,000. If you are entering into a multi-store development agreement, the initial franchise fee for each Store will be as follows: (i) \$45,000 per Store for the development of two Stores; (ii) \$32,000 per Store for the development of three or four Stores; (iii) \$29,000 per Store for the development of five or more Stores. You must pay the Initial Franchise Fee in full upon execution of the Franchise

Agreement, which includes costs for all of our pre-opening assistance to you. The Initial Franchise Fee is uniform for all franchisees and is considered fully earned and nonrefundable upon payment.

If you qualify for our military veteran's discount, we will offer you a 10% discount off of the Initial Franchise Fee for your first Store. This discount is available to veterans who have received a discharge (other than dishonorable) as well as any active duty personnel. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must maintain at least a 51% ownership interest in the entity to qualify for this discount. To apply for the discount, you must provide us with a copy of form DD-214, reflecting your military status, before the Franchise Agreement is signed.

Area Development Fee

If you sign an Area Development Agreement, we will grant you multi-store Development rights. On execution of the Area Development Agreement, you will pay us a Development Fee equal to the total initial franchise fee due for the number of Stores to be developed per the Development Schedule agreed to. The terms of the Area Development Agreement will lock in the Initial Franchise Fee under this Disclosure Document for the locations to be developed under the Area Development Agreement. The Area Development Fee is uniform for all franchises and is considered fully earned and nonrefundable upon payment.

As franchise agreements are signed under the Area Development Agreement, we will credit a portion of your Development Fee towards the full satisfaction of the initial franchise fee due under each franchise agreement signed.

If you qualify for our military veteran's discount, your Area Development Fee will equal 10% off of the total Development Fee due.

ITEM 6 OTHER FEES

FRANCHISE AGREEMENT

Type of Fee¹	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales ²	Weekly, cleared on Thursday of each week for sales from Monday to Sunday of prior week.	See Note 2 for the definition of "Gross Sales".
Marketing Fee	2% of Gross Sales	Weekly, cleared on Thursday of each week for sales from Monday to Sunday of prior week.	See Note 2 for the definition of "Gross Sales".
Local Marketing Expenditure	2% of Gross Sales	As incurred	You will spend at least 2% of Gross Sales each calendar quarter

Type of Fee ¹	Amount	Due Date	Remarks
			on approved local marketing and advertising activities.
POS System	Currently, \$100 to \$200 per month for monthly license fee and \$25 per month for technical support	At time of purchase or billing	Monthly license fee payable to supplier. Technical support fee payable to us. See Item 11.
Store Music, Gift Card and Customer Loyalty Program, and Online Ordering	Currently, \$185 to \$140 per month	At time of billing	Payable to suppliers. See Item 11
Technology Fee	Currently, \$200 per month	Monthly, cleared on the first Thursday of each month	Technology Fees are currently used for reporting suites, online media account management software, e-mail, website development and maintenance, System application development and maintenance, and other System internet and technology related, platforms, uses and functions. We reserve the right to increase this fee.
Intranet	Currently, \$0	Periodically, as determined	If or when implemented, the intranet will contain pertinent documents, manuals, and instructional material for the operation of a NÉKTÖR JUICE BAR® Store.
Additional Training	Currently, \$300 per person per day plus	Before training begins	We have the right to charge for additional training provided, including: (i) initial training provided to persons repeating or replacing a person who did not pass initial training; (ii) initial training for subsequent trainees; and (iii) periodic additional training we may provide or require, including our annual convention. Required additional training may be applicable in cases of default and/or failure to pass inspections. You are responsible for the travel, lodging, and dining costs, wages,

Type of Fee ¹	Amount	Due Date	Remarks
			and other expenses incurred by your trainees.
Additional Assistance	Currently \$300 per trainer per day, plus our related travel, lodging, and dining costs	Before assistance	Payable if we provide requested or required consulting services in-person at your Store location or at a place other than our offices. Required additional assistance may be applicable in cases of default and/or failure to pass inspections.
Transfer Fee – (payable if you are an individual transferring to a business entity for convenience of operation)	Varies	Before transfer	We do not charge a fee if the transfer of the franchised business is from an individual to a business entity for convenience of operation, however, you must reimburse us for our related costs and expenditures.
Transfer Fee – (payable if your owners are transferring among themselves or transferring a minority ownership interest to one or more third parties)	\$2,500	Before transfer	
Transfer Fee – (payable if you are assigning your interest in the Franchise Agreement, transferring all or substantially all of the assets of the Franchised Business, or your owners are transferring a controlling interest)	50% of then-current initial franchise fee if transferring to an existing franchisee; 75% of then-current initial franchise fee if transferring to a new franchisee, plus reimbursement of our costs (including reasonable attorneys' fees and broker costs)	Before transfer	
Relocation Fee	50% of Initial Franchise Fee	Before relocation	This fee is to compensate us for services related to assistance rendered in reviewing, accepting, and establishing the new Store location.

Type of Fee ¹	Amount	Due Date	Remarks
Late Charge	Currently, Late Fee of \$100 per overdue payment; and interest of 18% per annum from the date due	Upon demand	Payable only on overdue amounts. Interest cannot exceed the maximum allowed by law.
Audit	Cost of audit	Upon demand	For accounting audits, only if audit shows an understatement of 2% or more
Renewal Fee	\$5,000	Before renewal	
Supplier Review	Our reasonable costs and expenses for inspecting the supplier and/or testing the proposed equipment, including personnel and travel, lodging, and dining costs	On demand	Payable if you wish to offer or use any supplies or equipment that we have not approved or to purchase from a supplier that we have not approved, whether or not we approve the item or supplier.
Mystery Shopper Programs	Actual costs, estimated at \$150 per month	As invoiced	Payable if we require you to participate in a mystery shop program.
Quality Assurance Audit Program	Actual costs, estimated at \$300 per calendar quarter	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits.
Reimbursement of monies paid by us on your behalf	Varies with circumstances	On demand	Covers cost of insurance and other payments you fail to make and which we make on your behalf.
Re-Inspection Fee	Currently, our reasonable expenses incurred in inspecting your Franchised Business, including travel, lodging, and meals, and compensation for our representatives	On demand	Payable if inspection is necessitated by a repeated or continuing failure to comply with any provision of the Franchise Agreement.
Remedial Expenses	Our reasonable expenses incurred in correcting your operational deficiencies	On demand	If we give you notice of deficiencies we identify during an inspection and you fail to correct the deficiencies in a reasonable time, we may correct the deficiencies at your expense.

Type of Fee ¹	Amount	Due Date	Remarks
Costs, Expenses, and Attorneys' Fees	Varies with circumstances	On demand	You must reimburse us for our expenses in enforcing or terminating any agreements between us, including any Franchise Agreement.
Indemnification	Varies with circumstances	On demand	You must reimburse and pay our attorneys' fees with respect to any and all losses and expenses incurred by us arising or resulting from your operation of the Store.
Holdover Period	150% of the Royalty Fee and Marketing Fee due in the Franchise Agreement	Weekly	If the Franchise Agreement expires and you continue to operate the Store after expiration (a) either party may terminate the relationship at any time, for any reason, or no reason by providing written notice, and (b) the Royalty Fee and Marketing Fee during any hold over period will be 150% of the original amounts due under the Franchise Agreement.
Liquidated Damages	(i) your average weekly Royalty Fee plus your average weekly Marketing Fee due for the last 52 weeks (or, if less, the period the Store has been open) before your termination, (ii) multiplied by the lesser of 156 or the number of weeks remaining in the then-current Term of the Franchise Agreement, and (iii) discounted to present value.	On demand	Payable only if you prematurely close the Franchised Business or if we terminate the Franchise Agreement on account of your material breach.

Notes.

Note 1. Unless otherwise noted, fees payable directly to us or our affiliates are uniformly imposed and non-refundable. Transfer Fees are not always uniformly imposed. Also, fees payable to us or our affiliates are currently required to be made electronically via direct debit.

Note 2. "Gross Sales" means the total gross amount of all revenues, excluding only (1) sales tax or other receipts you collect and remit to the proper taxing authorities and (2) authorized coupon or other

promotional discounts you provide to your customers. Included in the definition is revenue from whatever source derived (whether in the form of cash, credit, agreements to pay, or other consideration (such as bartering), and whether or not payment is received at the time of sale or any of those amounts prove uncollectible. Also included is revenue that in any manner at all arises from or is derived by you or by any other business conducted or which originate in, on, from or through the Store or Store location. This includes revenue you derive through the Store, from the sale of products associated with the Store, and revenue derived from your use of the Marks, whether or not you conduct those operations in compliance with or in violation of the franchise agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee; Development Fee ²	\$45,000 to \$145,000	Lump Sum	When Franchise Agreement and Area Development Agreement is signed	Us
Real Estate and Rent – 3 months ³	\$7,500 to \$30,000	As arranged	As incurred	Landlord
Real Estate Construction and Improvements ⁴	\$60,000 to \$215,000	As arranged	As incurred	Contractors, suppliers, and/or Landlord
Architect	\$8,000 to \$12,000	As arranged	As incurred	Architect
Mill Work ⁵	\$20,000 to \$35,000	As arranged	As incurred	Suppliers
Fixtures and Furnishings ⁶	\$4,000 to \$15,000	As arranged	As incurred	Suppliers
Equipment ⁷	\$40,000 to \$52,000	As arranged	As incurred	Suppliers
Signage ⁸	\$3,500 to \$13,500	As arranged	As incurred	Suppliers
POS, Security System, Music, Phones, Gift Card and Loyalty Programs, and Computer Systems ⁹	\$4,700 to \$8,000	As arranged	As incurred	Suppliers
Miscellaneous Opening Costs ¹⁰	\$500 to \$1,000	As arranged	As incurred	Suppliers, utilities, etc.
Opening Inventory ¹¹	\$5,000 to \$8,000	As arranged	As incurred	Suppliers
Uniforms ¹²	\$300 to \$600	As arranged	As incurred	Suppliers
Training ¹³	\$2,500 to \$6,000	As arranged	As incurred	Airlines, hotels, and restaurants

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Marketing ¹⁴	\$8,000 to \$10,000	As arranged	As incurred	Suppliers
Utilities and Permits ¹⁵	\$2,500 to \$6,000	As arranged	As incurred	Suppliers
Professional Fees ¹⁶	\$2,500 to \$6,000	As arranged	As incurred	Attorneys, accountants, business advisors
Insurance - 3 Months ¹⁷	\$500 to \$1,000	As arranged	As required	Insurers
Additional Funds – 3 Months ¹⁸	\$10,000 to \$20,000	As incurred	As incurred	Employees, suppliers, utility providers
Total ¹⁹	\$224,500 to \$551,600			

Notes:

Note 1. The amounts that you pay to us or NJB are not refundable. Your payment obligations to vendors are not likely to be refundable unless you negotiate those arrangements.

Note 2. The Initial Franchise Fee is uniform to all franchisees and due in lump sum when you sign the Franchise Agreement. Additionally, the Development Fee is only applicable if you sign an Area Development Agreement and the high range represents the total Development Fee for a total of three Stores to be developed. The Development Fee is due in lump sum when you sign the Area Development Agreement.

Note 3. If you do not already own or lease adequate store space, you will need to lease the space for the NÉKTØR JUICE BAR® Store. We require that the typical franchise location be approximately 800 to 1,400 square feet, with approximately 250 to 600 square feet of front of store (customer) space, with seating for 6 to 10 people, and approximately 550 to 800 square feet of back of store (kitchen/employee) space. The above estimate reflects an approximate range of rental costs for a commercial location meeting these specifications.

Note 4. Once you have municipality building permits, you must construct, remodel, alter and improve the Store location to our specifications, following our guidelines and assumptions. Any deviation from the approved drawings must be approved by us prior to construction. These figures assume that your location will be a leased, unimproved, unfinished retail store-type unit.

Note 5. We have certain standards and specification for the types of materials you will need to outfit the interior of your NÉKTØR JUICE BAR® Store. These specifications include certain types of wood framing, cabinets, and paneling.

Note 6. This range estimates your cost of purchasing all required fixtures and furnishings that conform to our specifications and standards.

Note 7. This range estimates your cost of purchasing all required equipment including blenders, juicers, three-compartment sink, ice machines, walk-in refrigerator, front-end display refrigerators, and any other equipment that we require in the operation of the Store.

Note 8. This range includes both exterior and interior Store signage.

Note 9. This range includes the initial required hardware and software licensing costs related to the

operation of the Store; credit, gift, and loyalty card processing; merchant services and music player; as well as franchisee supplied phone system; music speakers; Internet provider; IT set up costs; and security system for your store.

Note 10. Additional expenses you may incur before opening may include food and beverages consumed during training, costs related to job postings, and other miscellaneous pre-opening costs.

Note 11. This range includes the estimated cost of stocking your Store with the required inventory for the first two weeks of operation including cleanses from NJB, produce, snacks, and packaging and paper products. On an ongoing basis, some items are replenished daily while others are replenished over a much longer period.

Note 12. The cost of uniforms will vary depending on the size of your staff. We will provide you with specifications for uniforms.

Note 13. You must make arrangements for, and pay the expenses of, each individual who attends our initial training program. Such expenses will include transportation, lodging, meals, and wages. The amount of the expense will depend, in part, on the distance you must travel and the type of accommodation you choose. The figures in the chart represent the estimated cost for two individuals to attend our initial training program.

Note 14. This range estimates your approved grand opening advertising and marketing expenses for initial approved promotional activities. This may include local media, press, and other media related expenses, certain grass roots marketing, and your soft opening costs and expenses. You must spend at least \$8,000 on approved initial marketing and promotional activities, but may choose to spend more.

Note 15. Utility providers and equipment lessors typically require payment of a security deposit. This range includes the estimated amount of such deposits, which may vary depending on utility provider policies and your credit rating. Some utilities are included in your CAM charge.

Note 16. This range is for the cost of engaging an attorney, accountant, and other business advisors to assist you in reviewing this disclosure document, the Franchise Agreement, your business plan, lease review, and any other contracts or items related to your Franchised Business as well as to assist you in the formation of a legal entity to act as the franchisee. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity.

Note 17. This range includes the down payment on insurance premiums for required coverages before opening and for the first three months of operation of your NÉKTØR JUICE BAR® Store.

Note 18. This range does not include managerial salaries or any payment to you, neither does it take into account finance payments, charges, interest, and related costs you may incur if any portion of the initial investment is financed. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months, however, we cannot guarantee that these amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. We relied on our founder's operating experience in compiling these working capital estimates.

Note 19. This range estimates your total initial startup expenses. We relied on NJB's and our franchisees' experiences in compiling the above chart. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products; the prevailing wage rates; competition; construction costs; landlord tenant improvement allowance; and the sales level reached during the initial period. Your initial costs may also differ due to numerous variables, including your Store location, local licensing and contracting costs, and your tastes and preferences. As an example, a store located outside of the southwest United States, where our distribution centers are located, or in areas where there are no or few System stores, will experience higher cost of goods and distribution costs. These figures are estimates

only. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not finance any portion of the initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Site Selection

You must operate the Store at a location that meets our minimum site selection requirements and that we have accepted. If you lease the location, you and the landlord must execute the standard form of lease rider (attached to the Franchise Agreement as Attachment F).

You will engage our designated architecture or design firm to adapt our drawings and designs to your location. In the event we cease providing drawings and designs for you to adapt, you are nonetheless required to abide by our specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws.

Required Purchases

We may establish designated or approved suppliers for: (1) fixtures, furniture, equipment, signs, items of décor, and audio/visual systems; (2) food and beverage products, produce, and ingredients, whether or not developed by or for us pursuant to a special recipe, formula, or specifications; (3) uniforms, shirts, and all merchandise, private label products, and other items intended for retail sale (whether or not bearing our Marks); (4) advertising, point-of-purchase materials, and other printed promotional materials; (5) signage, menus, cleanse instructions, or other materials bearing our Marks; (6) gift certificates and stored value cards; (7) stationery, business cards, contracts, and forms; and (8) bags, packaging, and supplies bearing our Marks. In addition to approved suppliers, we may require you to buy your requirements of food, ingredients, beverages, and supplies from approved or designated third party distributors. We reserve the right to require that you purchase from approved or designated suppliers any item or service used in the establishment or operation of your Store. Information concerning approved and designated suppliers will be communicated to you via the Manuals. We do not provide material benefits to a franchisee based on the franchisee's purchase of particular products or services or use of designated or approved suppliers.

We are not currently approved suppliers, however we may become approved suppliers or the only approved supplier for products or services. We or our officers do not own an interest in any approved or designated supplier.

Computer System

Before you open the franchised outlet you must purchase a computer system, with all required hardware and software that meets our standards and specifications.

Insurance

You must have or purchase insurance coverage of the types and with the minimum limits that we specify in the franchise Operations Manual. You must obtain and maintain insurance policies protecting you, and us as additional insured, on a primary non-contributory basis. The additional insured should be listed on the certificate as follows: Nekter Franchise, Inc., and its officers, managers, members, partners, shareholders, regional directors, subsidiaries and affiliates, agents and employees; and it must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us). The policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellations, or expirations. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Store is located and must have an A.M. Best rating of "A" or higher. Each year we may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in

inflation or as market conditions warrant.

Supplier Approval

We will provide you with our Manuals and various supplemental bulletins and notices that will contain the specifications, standards, and restrictions on your purchase of products and services. Upon request, we will furnish to you an approved list of suppliers which we may update periodically.

We base our specifications and product and supplier approvals on discretionary determination of quality, value and appearance. We do not have a formal procedure for supplier approval. If you want to use a supplier we have not designated or approved, you must submit a written request for approval, and we must first approve that supplier in writing. We may require suppliers to provide certain information, sign a non-disclosure agreement, provide proof of minimum required insurance, guarantee our level of quality, and produce sufficient samples to allow us to test the sample at your expense. You must submit adequate information to us regarding that supplier, including samples, where appropriate, so that we may determine whether that supplier's goods or supplies are appropriate, in our judgment, for use in the NÉKTØR JUICE BAR® System. We may inspect and evaluate the supplier's facilities and products before we approve or disapprove your proposed supplier, and you must pay all of our reasonable costs and expenses incurred in doing so. We make our specifications and quality control standards available to you, and we will not unreasonably withhold our approval. We typically give our decision within ten business days. You may not use a supplier before you receive our written approval. A supplier must continually adhere to our standards and specifications to maintain its approval. We may revoke our approval of a supplier, in our sole discretion, at any time. We do not have a formal procedure for revocation of supplier approval, but will do so in writing stating our reasons for revocation.

Our Specifications and Standards

To maintain uniform standards of quality, appearance, and marketing, it is essential that you conform to our standards and specifications. Therefore, you must conform all leases, fixtures, goods, services, inventory, equipment, software, advertising, marketing, trademark usage, trade dress, and materials required for the operation of the franchised business, to our standards and specifications.

Franchised Location and Lease

You must acquire a site for your Store that meets our site selection criteria and that we approve. If you occupy the Store according to a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment F to the Franchise Agreement).

You must construct, equip, and improve the Store in compliance with our current design standards and trade dress. You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment (including a point-of-sale cash register system), décor, and signs from our approved third party suppliers.

Revenues on Purchases or Leases

We may derive revenue from your purchases from approved or designated suppliers. As of the end of our 2019 fiscal year, we have not derived revenue from franchisee purchases or leases. As of the end of its 2019 fiscal year, NJB had derived no revenue from franchisee purchases based on the most recent financial statements.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your initial expenditures from us and our approved and designated suppliers will be between 75% to 90% of your total initial purchases. During the operation of the franchised business, required purchases or leases from us, or our approved and designated suppliers are estimated to total between 75% to 90% of total ongoing purchases.

Description of Rebates; Purchasing Cooperatives; Purchasing Arrangements

You may be required to purchase products, services, equipment and other items from suppliers with which we have negotiated a reduced or special rate or other financial incentives. Currently, NJB sells bottled juices to its designated distributor and the distributor purchases from NJB the bottled juices which it resells to Stores. We do not derive any other material revenue or consideration as a result of required purchases at this time; however, we reserve the right for us and any of our affiliates to receive rebates or other financial incentives from suppliers based upon the quantities of required products the System purchases from them. These fees would usually be based upon the amount purchased.

There are no franchisee purchasing or distribution cooperatives at this time.

We do intend to negotiate purchase arrangements with suppliers for the NÉKTØR JUICE BAR® System.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

FRANCHISEE'S OBLIGATIONS

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Section in Disclosure Document
a. Site selection and acquisition/lease	Sections 1.2 and 2.1-2.5	Section 1 and Attachment A	Items 7, 11 and 12
b. Pre-opening purchase/leases	Sections 2.1-2.4 and 3.1-3.3	Not Applicable	Items 7, 8 and 11
c. Site Development and other pre-opening requirements	Sections 2.1-2.4 and 3.1-3.3	Section 1 and Attachment A	Items 7 and 11
d. Initial and ongoing training	Section 7.1	Not Applicable	Items 11 and 15
e. Opening	Section 2.5	Attachment A	Item 11
f. Fees	Sections 4.1 and 4.2	Section 2	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 3.6, 6.6 and 9.1	Not Applicable	Items 8, 11 and 16
h. Trademarks and proprietary information	Sections 6.1-6.7	Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	Sections 3.3 and 9.1	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
k. Territorial Development and sales quotas	Not Applicable	Section 1 and Attachment A	Items 1 and 12

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Section in Disclosure Document
l. Ongoing product/service purchases	Sections 3.7, 7.2 and 9.1	Not Applicable	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 11.4	Not Applicable	Item 11
n. Insurance	Sections 3.5 and 12	Not Applicable	Items 7 and 8
o. Advertising	Section 9	Not Applicable	Items 7 and 11
p. Indemnification	Section 17.2	Not Applicable	Item 6
q. Owner's participation/management/staffing	Section 11.5	Not Applicable	Item 15
r. Records and reports	Section 10	Not Applicable	Item 11
s. Inspections and audits	Section 10.8	Not Applicable	Item 11
t. Transfer	Section 14.1	Section 8	Item 17
u. Renewal	Section 2	Not Applicable	Item 17
v. Post-termination obligations	Section 6.9	Sections 12 and 13	Item 17
w. Non-competition covenants	Sections 13, 15.10.5	Not Applicable	Items 15, 16 and 17
x. Dispute resolution	Section 20	Sections 11 - 14	Item 17
y. Guaranty	Section 19 and Attachment C	Section 23 and Attachment C	Item 15

ITEM 10 FINANCING

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

ITEM 11

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

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

Pre-opening Obligations.

Before you open the Store for business, we will:

1. Identify your Site Selection Area and, once you have selected and we have accepted the location for your store, identify your Designated Area. (Sections 1.2 and 3.2 of the Franchise Agreement)
2. Accept or reject your proposed location within 30 days of receiving all requested information. (Franchise Agreement, Section 3.3)
3. In connection with your first Store, admit up to three individuals to our initial training program described below, where one of the individuals attending must be your Designated Principal and if you have a district manager, then such district manager as well. We anticipate that you may have a district manager

in connection with your first Store if you are acquiring multiple units in operation in a single transaction. We will also provide a separate training program for your general manager. (Franchise Agreement, Section 5.1)

4. If this is your first Store, provide you with up to 70 hours of on-site opening assistance in connection with the opening of the Store. If this is your second Store, provide up to 40 hours of on-site opening assistance in connection with the opening of your Store. If this is your third or subsequent Store, provide up to 14 hours of on-site opening assistance in connection with the opening of your Store. (Franchise Agreement, Section 5.2)

5. Provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Store, building layout, furnishings, fixtures, and equipment, sample plans and specifications, training, purchasing and inventory control, and such other matters as we deem appropriate. (Franchise Agreement, Section 5.3) Specifically, we will provide you with written specifications with respect to equipment, signs, fixtures, opening inventory, and supplies and you will purchase each from our designated suppliers. While we are not currently a designated supplier, you will purchase initial inventory from our affiliate NJB. The Franchisor does provide one individual to assist in overseeing that construction and décor meet our minimum standards, the franchisee is responsible for ensuring all construction and décor is completed and compliant with local ordinances, codes, and permits.

6. Loan you a copy of our operations manual for franchisees and all related manuals, to which we may periodically make updates and modifications. (Franchise Agreement, Section 7.1). The table of contents of this manual is attached as Exhibit F to this disclosure document. The operations manual currently contains a total of 162 pages.

Continuing Obligations.

During the operation of your franchised business we will:

1. We will provide such continuing advice and guidance as is reasonably required by our judgment, including consultation and advice regarding new service and product development, instruction concerning the operation and management of NEKTER JUICE BAR® Stores, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.7)

2. Communicate to you information about our approved and designated suppliers, and as we develop new products and services we will provide you with information about such developments to the System. (Franchise Agreement, Section 11.3)

Advertising

Our advertising program for the products and services offered by NÉKTØR JUICE BAR® Stores currently consists of online advertising in certain targeted markets, as well as dissemination of promotional materials through networking at the local and regional level. Our advertising materials currently are created in-house and with the help of an outside advertising agency. You will have access to all of our marketing and advertising templates. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below.

We must approve all of your promotional and marketing materials before you use them. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within five days from the date we receive them. You may not use the materials until they are expressly approved by us, and we have the right to disapprove materials that we have previously approved. Approval, if granted, will remain in effect until you receive notice from us to discontinue further use. We must also approve all of your promotional and marketing programs, events, and all other related activities before their implementation. To obtain approval, you must submit a detailed outline of all proposed promotional and marketing activities, as well as all other

information we may reasonably request. Once we have received the requested information we will use good faith efforts to approve or disapprove your proposed promotional activities within five days.

Grand Opening Marketing

You must spend at least \$8,000 to promote your Store's grand opening. We anticipate that this amount will be spent during the period beginning one month before the Store opens through your soft opening and first month in operation. We will assist you in customizing a marketing and promotional strategy for the launch of your Store and all expenditure amounts related to the launch must be approved by us in advance. We may request that you provide us with proof of expenditures. This grand opening expenditure amount is in addition to the local advertising requirement.

Local Advertising

You must spend at least of 2% of your Gross Sales each quarter on local advertising for your franchised outlet. All local advertising and promotion by you must be conducted in the media, type and format that we previously approve, must be conducted in a dignified manner, and must conform to the standards and requirements described in the Manuals or otherwise in writing. At our request, you must furnish to us, within 30 days after request, any evidence we may reasonably require concerning the nature and amount of your expenditures for local advertising.

Marketing Fee

We impose and collect a Marketing Fee of 2% of Gross Sales which compensates us for certain marketing and promotional activities such as the creation and production of promotional materials, third party marketing supplier expenses, or supporting in-house marketing efforts, including salary expenses. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on regional and national brand development. We do not guarantee that you will benefit from the Marketing Fee in proportion to your Marketing Fee payments. Marketing Fee payments are not contributions to a fund as we do not maintain, nor do we require any contribution, to a marketing fund.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Store's market area, nor any pro rata amount based upon your Marketing Fee payment. Marketing Fee monies are not used to solicit new franchise sales.

As Marketing Fee payments are not contributions to a fund, and we do not maintain or administer any such marketing related fund, we have no fund to audit nor do we disclose fund expenditure breakdowns by percentage in the categories of production, media placement, administrative expenses, and other uses. Also, as we have no fund, company owned stores are not required to contribute to a fund, however, company owned stores do contribute to system marketing expenditures.

Advertising Cooperatives and Councils

We may, in our discretion, elect to form an advertising cooperative and/or advertising council for the benefit of the franchise system. If advertising cooperatives or councils are formed, we will retain the right to change, dissolve or merge any such cooperative or council, and to create and amend any organizational and governing documents of any cooperative or council, in our sole discretion. We have the right to establish the rate of a cooperative's contributions, provided, however, that a franchisee's contributions to a cooperative will be credit toward their local advertising expenditure requirement. Contributions are not yet determined, however, we anticipate that they will not exceed the minimum local advertising expenditure amount. If we elect not to determine the rate, a rate will be determined by a vote of the cooperative.

Company owned outlets are not required to contribute to a cooperative. You must submit to the cooperative and to us all statements and reports that we, or the cooperative, may require. Cooperative contributions will be maintained and administered under the cooperative's governing documents. Governing documents will be available to franchisees. The Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions

As of the date of this disclosure document we have not established any advertising cooperative or council, however, when applicable, the terms of the Franchise Agreement require you to participate in any such advertising cooperative or council as directed by us.

Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a non-exclusive "Site Selection Area" within which you must locate the Store. Once you have identified an accepted location, we will agree on a "Designated Area." You must acquire an acceptable site for the Store by no later than the Control Date identified in the Franchise Agreement (which will be no more than five months after the date you sign the Franchise Agreement). If you fail to acquire an acceptable site by the date that we mutually agree on before you sign the Franchise Agreement ("Control Date") we may terminate the Franchise Agreement. For each proposed site that you identify, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will accept or refuse to accept your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location, neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

Once we have accepted a site for your Store, we will mutually agree on an Opening Date, which will be no later than six months after site acceptance. If you fail to open the Store by the Opening Date, we can terminate the Franchise Agreement.

We expect that most franchises will open for business within approximately six months from the date the Franchise Agreement is signed. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a location which we will accept; to obtain any financing you need; to obtain required licenses, permits, and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor, slow deliveries, equipment shortages and similar factors.

Training

Initial Training Program

Before opening the franchised business, we will provide training for up to three individuals, which must comprise of at least the Designated Principal, and if applicable, your district manager, and may also include your general manager. At least one owner, the Designated Principal, must attend and successfully complete the initial training to our reasonable satisfaction. All district managers and general managers that attend the program must also complete the initial training to our reasonable satisfaction. Successful completion of the initial training program includes earning a passing score on the final exam issued by us. If a trainee fails the exam, they will be permitted to take a test again. If trainees perform so poorly as to repeatedly fail the exam and are unable or unwilling to repeat and successfully complete the initial training program, we do have the right to terminate the franchise agreement. All trainees attending the initial training program must undergo training together. The cost of the initial training program is included in the initial franchise fee but

you will be responsible for all travel, meal and lodging related expenses incurred by you and your trainees during the initial training.

Our three-week initial training program, which consists of 98 hours of training as indicated in the chart below, is held on an as needed basis and is supervised by our Director of Training, Jeff Barney. Jeff has been with us for three years and has over ten years' experience in the restaurant industry. Approximately three days of this training program is conducted in the classroom while the remainder is on-site Store training. Classroom training is conducted by or supervised by Corryn Dotson. In-Store training is conducted by the Training Store's general manager or, if the Training Store is a franchise location, by the franchisee or franchisee's general manager.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation and Culture	1 hour	-	Our headquarters in Santa Ana, California
Operations Review	2 hours	40 hours	A Training Store we designate*
Guest Service Training	1 hour	39 hours	A Training Store we designate*
Product Training	1 hour	-	Our headquarters in Santa Ana, California
Management Training	1.5 hours	-	Our headquarters in Santa Ana, California
Marketing Training	1.5 hours	-	Our headquarters in Santa Ana, California
Facilities Training	1 hour	-	Our headquarters in Santa Ana, California
IT Training	1 hour	-	Our headquarters in Santa Ana, California
Supply Chain Training	1 hour	-	Our headquarters in Santa Ana, California
Financial Training	4 hours	-	Our headquarters in Santa Ana, California
Testing	2 hours	1 hour	A Training Store we designate*
Totals	17 hours	80 hours	

*The Training Store we designate is not likely to be near your place of residence or near an area you intend to open your Store and is likely to require travel. Although subject to change, our current Training Stores are located in Phoenix, Arizona, and Irvine and Carlsbad, California, and while we make every effort to conduct your training at a Training Store that is closer to your place of residence or where you intend to open your Store, we make no assurances that any particular Training Store will be available at the time you undergo training.

The instructional materials for the initial training program consist namely of our operations manual but may include other supplementary materials.

In addition to our initial training program offered prior to the opening of your first Store, we will also offer and your general manager must complete to our satisfaction our general manager training program. The general manager training program is currently offered online, however, in order to complete the training to our satisfaction, your general manager must also work in-Store for a designated period of time under the direct supervision of an individual who has either completed to our satisfaction the full initial training program or the full general manager training program.

Additional Assistance

We may provide additional optional start-up assistance or retraining or refresher courses that you request and we agree to provide or that we require at a cost to you based on our then current daily fee for our personnel performing such assistance, plus other reasonable expenses, including all travel, lodging, and dining costs. We may require additional training if you are in default or if you fail to pass certain inspections.

Additional Training

We have the right to charge for additional training provided, including: (i) initial training provided to persons repeating or replacing a person who did not pass initial training; (ii) initial training for subsequent trainees; and (iii) periodic additional training we may provide or require, including our annual convention. Required additional training may be applicable in cases of default and/or failure to pass inspections. You are responsible for the travel, lodging, and dining costs, wages, and other expenses incurred by your trainees as well as any tuition we may set.

Computer Hardware and Software

You must purchase, install, maintain, and use the computer hardware, software, on-line services, and communication links that we specify periodically.

You must purchase and use our designated POS system at each NÉKTØR JUICE BAR® Store and a back of house PC that is equipped with high speed Internet access and a combination printer/scanner/copier. We estimate the cost to purchase the required hardware and software to be between \$4,700 to \$10,000, plus an on-going license fee of \$100 to \$200 per month payable to the provider and a technical support fee of \$25 per month to us for our help desk services related to your POS system. You must also establish and maintain systems for purchasing and inventory control, and for books, records and accounts of the franchised business. You must maintain and update these systems in accordance with the requirements that we, or the vendor, may periodically prescribe. Each Store must also be equipped with and provide guest Wi-Fi and participate in established gift card and customer loyalty programs.

You must, at your expense, maintain, upgrade and update all hardware, software, and ISP or other POS communications systems during the term of the franchise, as we periodically determine. We estimate that the cost of these required maintenance and upgrades will not exceed \$1,000 annually. You must install any other hardware or software for the operation of the Store that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by NÉKTØR JUICE BAR® Stores. We will establish reasonable deadlines for implementation of any changes to our computer system requirements. We do not currently require that you enter into any maintenance, updating, upgrading, or support contracts for your computer systems, but we recommend that you do so. The vendor or supplier of the hardware components would typically provide such ongoing maintenance, updating, upgrading, or support services, the cost of which varies by vendor.

We have also established a Technology Fee, currently \$200 per month, for reporting software, online media account management software, e-mail, website development and maintenance, System application development and maintenance, and software and technology related costs, including development, support, maintenance, and related costs; software or application development, customization, and implementation; online or Internet or digital related software, platforms, or support; hardware and/or software support; and other technologically-related activities.

Technology Fees are currently used for reporting suites, online media account management software, e-mail, website development and maintenance, System application development and maintenance, and other

System internet and technology related, platforms, uses and functions. We reserve the right to increase this fee.

We will have, or you must grant us, unrestricted access to your computer systems and software. There are no contractual limitations on our right to access, collect, and use the data and information relating to your Store. You must permit us to independently download and transfer data via any connection we designate and must not, at any time, restrict our access to your computer systems. There are no contractual limitations on our right to access, collect, and use the data stored in your computer system.

ITEM 12 TERRITORY

Franchise Agreement

You will operate the NÉKTØR JUICE BAR® Store at a location that we have accepted, and may relocate the Store only with our prior written consent.

When the Store location is identified, we will mutually agree on a “Designated Area,” which will also be identified in Attachment B-2 to the Franchise Agreement. Your Designated Area will be described in terms of identifiable boundaries, such as streets, county lines, rivers, etc., clearly noted on a map included in Attachment B-2.

During the franchise term, while you will not receive an exclusive territory, so long as you are in compliance with the terms of your Franchise Agreement, we will not operate, or grant anyone else the right to operate a Store under the trademark NEKTER JUICE BAR, or grant anyone else the right to operate, a Store under the trademark NÉKTØR JUICE BAR® within the Designated Area, except in regards to venues within the Designated Area that we consider “Closed Markets.” These include any facility serving a captive market, including hotels, resorts, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which smoothie and juice bar products and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties.

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. There are no limitations to customers to whom you may sell goods and services. You are not permitted to offer products or services through any channels of distribution without our prior written consent outside your designed area.

We reserve to ourselves all other rights, including the right: (a) to own and operate and to grant others the right to own and operate Stores outside the Designated Area, regardless of their proximity to the Designated Area; (b) to own and operate and grant others the right to own and operate NÉKTØR JUICE BAR® Stores, and license the use of the Marks and System, in "Closed Markets" within and outside the Designated Area; and (c) the right to distribute products and services identified by the Marks, such as NÉKTØR JUICE BAR® branded beverage and food products, clothing, souvenirs, and novelty items, through alternative channels of distribution including mail order, catalog sales, department Stores, retail Stores, supermarkets, and/or Internet sales. We are not required to compensate you if we exercise any of the rights specified above inside your Designated Area. Currently neither we nor our affiliate operate or franchise, nor have plans to operate or franchise, a business under a different mark that will sell goods and services that are the same as or similar to those you will sell.

Nothing in the Franchise Agreement prohibits us from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than NÉKTØR JUICE BAR), whether or not the business is the same as or competitive with NÉKTØR JUICE BAR® Stores; or (b) owning, operating, or franchising one or more businesses offering

products or services other than those provided at NÉKTØR JUICE BAR® Stores under the name NÉKTØR JUICE BAR® or some derivative of the Marks. We are not required to compensate you if we exercise any of the rights specified above inside your Designated Area.

We do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop additional Stores you must enter into a new Franchise Agreement and meet all our current requirements for franchisees. We may modify or revoke your Designated Area if you fail to maintain store standards or are significantly underperforming in sales.

If the lease for the site of the Store expires or terminates through no fault of your own, or if the site is destroyed, condemned or otherwise rendered unusable, or as otherwise may be mutually agreed upon in writing by you and us, we will grant permission for relocation of the Store at a location and site acceptable to us, provided that the Store must be open for business at the new location within 270 days of closing the previous location. If you are allowed to relocate your Store, you must comply with our then-current standards and specifications for Stores. You are solely responsible for all relocation costs and expenses, and you agree to pay to us the Relocation Fee.

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of NÉKTØR JUICE BAR® Stores at sites within a specified Development Area. The Development Area will be identified on Attachment A to the Development Agreement, and may be described in terms of cities, counties, states, or some other designation. We do not grant you any options or rights of first refusal to acquire additional development areas.

During the term of the Development Agreement, we will not own or operate, or grant anyone else the right to operate, a NÉKTØR JUICE BAR® Store within the Development Area, except in Closed Markets. We reserve to ourselves all other rights, including the right: (a) to own and operate and to grant others the right to own and operate Stores outside the Development Area, regardless of their proximity to the Development Area; (b) to own and operate and grant others the right to own and operate NÉKTØR JUICE BAR® Stores, and license the use of the Marks and System, in "Closed Markets" within and outside the Development Area; and (c) the right to distribute products and services identified by the Marks, such as NÉKTØR JUICE BAR® branded beverage and food products, clothing, souvenirs, and novelty items, through alternative channels of distribution including mail order, catalog sales, department Stores, retail Stores, supermarkets, and/or Internet sales.

Nothing in the Development Agreement prohibits us from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than NÉKTØR JUICE BAR), whether or not the business is the same as or competitive with NÉKTØR JUICE BAR® Stores; or (b) owning, operating, or franchising one or more businesses offering products or services other than those provided at NÉKTØR JUICE BAR® Stores under the name NÉKTØR JUICE BAR® or some derivative of the Marks. We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, we may (i) terminate or modify any territorial protections granted to you under the Development Agreement, (ii) eliminate, modify, or reduce the size of the Development Area, or (iii) reduce the number of Stores which you may establish under the Development Schedule. There are no other circumstances that permit us to modify your territorial rights under the Area Development Agreement. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional NÉKTØR JUICE BAR® Stores anywhere, without restriction, including in your Development Area, subject to the rights granted to you in the Designated Area established under any then-existing Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees or company-owned businesses adjacent to your Development Area or from other channels of distribution or competitive brands that we control.

ITEM 13 TRADEMARKS

Our affiliate, NJB, owns and has registered the following Mark on the Principal Register of the United States Patent and Trademark Office (“USPTO”), unless otherwise noted, and all required affidavits and renewals have been filed.

Mark	Registration Number	Registration Date
	4,155,852	June 5, 2012
	5,174,437	April 4, 2017
LIVE THE NEKTER LIFE (standard character)	5,221,236	June 13, 2017
	5,511,740	July 10, 2018
	5,674,016	February 12, 2019
THIS IS HAPPINESS (standard character)	5,932,787	December 10, 2019
PASSION ISN'T JUST A FRUIT (standard character)	6,053,811	May 12, 2020

Note 1. This trademark is registered on the Supplemental Register of the USPTO

NJB has also filed the following trademark application for registration on the Principal Register of the USPTO:

Mark	Serial Number	Application Date
	87/477,481	June 6, 2017

NJB owns and has granted us the right to use the “NÉKTØR JUICE BAR” trademark and family of marks (“Marks”) in connection with the franchising of NÉKTØR JUICE BAR® Stores. Our agreement with NJB is perpetual unless otherwise terminated by mutual agreement, by NJB on account of our material breach, if we dissolve the franchisor entity, or if we become insolvent, file for bankruptcy, or are a party to a merger, consolidation, or conversion where NJB is not the surviving entity.

No agreements limit our right to use or license the use of our trademarks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the Trademark administrator of this state or any court. There is no pending infringement, opposition, or cancellation proceeding and there is no pending material litigation involving the trademarks that may be relevant to their

use in this state or in any other state. The franchisor is not aware of either any superior prior rights or infringing uses that could materially affect the franchisees use of the principal trademarks.

You must use the Marks in full compliance with the provisions of the Franchise Agreement and according to the rules we periodically prescribe. You may not use any Mark, or any part of any Mark, as a part of your corporate name. Nor may you use any Mark with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than the logos we license to you). You may not use the Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by us.

You may not use the Marks, any recognizable portion of the Marks, or any of the Copyrighted Works on the Internet, in any electronic or digital form, or on or through any electronic or digital medium, unless expressly permitted by us in writing. Also, you may not establish or maintain any recognizable portion of the Marks, or terms that may suggest an affiliation with us, for use or display as all or part of an e-mail address, Internet domain name, uniform resource locator (“URL”), or meta-tag, or in connection with any Internet home page, web site, or any other Internet-related activity without our express written consent, and then only in accordance with our procedures, standards, and specifications. This prohibition also includes the use or registration of the Marks, or any derivative of the Marks, as a part of any user name, account, or in any other way that may suggest an affiliation with us or the franchise system, on any gaming, blogging, user review, video sharing, or social networking website, or as part of any unauthorized email address.

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and we may take any action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right, but no contractual obligation, to initiate, direct, defend you against, and control any litigation or administrative proceeding relating to the Marks, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys’ fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and render any other assistance we or may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks.

We have the right, upon reasonable notice, to change, discontinue, or substitute any of the Marks and to adopt new Marks for use with the System without any liability to you. You must implement any of these changes at your own expense within the time we reasonably specify.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manual, the design elements of our marks, our product packaging, advertising and promotional materials, and the content and design of our website (the “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites.

You and your employees must maintain the confidentiality of all information contained in the Manuals and other information that we consider confidential, proprietary, or trade secret information. Confidential Information means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; and standards and specifications for services and products offered; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets,

or know-how concerning the methods of operation of the Store which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, any training we provide, and all other information that we designate (collectively, “Confidential Information”). You must implement any reasonable procedures we may adopt to protect our Confidential Information including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-disclosure and non-competition provisions.

You may not contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Store, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

You or an owner of yours acceptable to us who owns at least a 10% ownership interest, and who has successfully completed the initial training program to our satisfaction, will be the Designated Principal and must actively oversee the franchised business operations. Each NÉKTØR JUICE BAR® Store must employ a full-time general manager who has also successfully completed our initial training program to our satisfaction and who is responsible for the oversight of operations your NÉKTØR JUICE BAR® Store. Your Designated Principal may, but is not required to, also act as your general manager.

The general manager may not engage in any other business or activity that requires substantial management responsibility or time commitment. If your general manager ceases to serve in, or no longer qualifies for, the position, you must designate a new general manager within 30 days. Each replacement general manager must successfully complete our initial training program before assuming responsibility.

If the franchisee and/or developer is a business entity, each owner identified in Attachment C to the Franchise Agreement and Attachment B of the Area Development Agreement must sign a Personal Guaranty and Undertaking substantially in the form attached as Attachment D-1 to the Franchise Agreement and Attachment C to the Area Development Agreement. An owner’s spouse is not required to sign a personal guaranty. Any individual who attends our initial training program, including your general manager, must sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement.

The term “owner” means each individual or entity holding a direct or indirect beneficial ownership in the franchisee or developer. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust, as well as each of their owners, if any.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and sell all products and services that we require, and only the products and services that we have approved. We may add, eliminate and change products and service items periodically, and you must comply with all directives (which may require purchasing and installing additional equipment). There are no limits on our right to make changes. We may, on occasion, require you to test market products and/or services at your Store. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations that we establish.

All sales must be for retail consumption only and you may not engage in wholesale or e-commerce sales of any kind nor are you permitted to offer products or services through any channels of distribution without our prior written consent. There are no limitations on customers to whom you may sell goods and services. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You may not operate any co-branding marketing system without our prior written consent, which may be withheld in our sole discretion. No vending, gaming machines, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your Store.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the franchise agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	10 years
b. Renewal or extension of the term	Section 2.2	We may, at our option, grant you two renewal terms of 5 years each.
c. Requirements for franchisee to renew or extend	Section 2.2	You are not in default under any terms of any agreements with us; you have substantially complied with all of the Franchise Agreement's (or first renewal franchise agreement, if applicable), provisions during that entire agreement's term; you have brought the Store into compliance with our current standards; you remain in possession or you secure substitute premises; you meet our then-current qualifications; you have given timely notice of renewal to us; you have satisfied all monetary obligations owed to us, our affiliates, and your suppliers; you have signed our then-current form of franchise agreement (which may be materially different than the form attached to this disclosure document); you have met current training requirements; and you and your guarantors have signed an agreement containing general release language. You must give us notice of your intent to renew between nine and 15 months before the Franchise Agreement, or the first renewal franchise agreement (if applicable), expires. The Franchise Agreement also contains a hold over provision which states if the Franchise Agreement expires and you

Provision	Section in Franchise Agreement	Summary
		continue to operate the Store after expiration, we may, at our option, declare you to be holding over, and the Royalty and Marketing Fee during any hold over period will be 150% of the applicable fee due under the 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	Sections 14.1 and 14.2	We can terminate only if you default.
g. “Cause” defined—curable defaults	Section 14.2	You fail or refuse to make payments due us or to comply with your Grand Opening expenditure obligations and do not cure such defaults within 10 business days, or you otherwise fail to comply the Franchise Agreement and do not cure within 30 days
h. “Cause” defined—non-curable defaults	Section 14	We may terminate without opportunity to cure if you commit any of the following defaults: failure to find suitable location or open the Store within the specified period of time; failure to complete training; making a material misrepresentation or omission in application for the franchise; conviction or plea of no contest to a felony or other crime or offense that can adversely affect your reputation or the reputation of the System or Store; misuse of the Manual; abandonment of business for two business days in any 12-month period; failure to relocate; surrender of control of business; submission of reports understating Royalty Fees by more than 2%; submission of reports late on two occasions in any 12-month period; violation of any health, safety or sanitation law or operation in a manner that presents a health or safety hazard; failure to pass two or more quality assurance inspections during any 12-month period; your receipt of three or more notices of default, regardless of whether cured, during any 12-month period; your offer of any unauthorized products or services from the Franchised Business; your bankruptcy; your misuse of Marks; your attempt to unilaterally terminate the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Section 15	Obligations include: stop operations of the Store; sell the Store’s assets and/or interest in premises to us if we exercise our purchase option; assign or sublease premises to us (or on our behalf) if we elect not to purchase the Store premises; stop using the Marks;

Provision	Section in Franchise Agreement	Summary
		stop identifying yourself as a current or former franchisee of ours (except if you continue to own and operate another Store); assign any assumed names to us; de-identify the premises from any confusingly similar decoration, design or other imitation of a NÉKTØR JUICE BAR® store (including removing decorations, fixtures and equipment that we specify); pay all amounts owed to us and all damages and costs incurred by us in enforcing the termination provisions; pay liquidated damages to us if you terminate without cause or we terminate for valid cause; return all manuals and other confidential information to us; return all signs to us; notify directories (web-based and print) of your lost rights to listings; transfer listing as we direct; and comply with the covenants not to compete (see (r) below).
j. Assignment of contract by franchisor	Section 16	No restriction on our right to assign our interest.
k. “Transfer” by franchisee—defined	Section 16.2	Includes transfer of assets, contract and all rights under the contract, or change of ownership.
l. Franchisor approval of transfer by franchisee	Section 16.2	We have the right to approve transfers, but we will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 16.2	For a transfer to a third party, you must request our consent in writing; deliver copy of the proposed transfer agreement; transferee must meet our qualifications, successfully complete the training program and sign the then-current form of Franchise Agreement; refurbish the Store premises at our request; your landlord must allow you to assign or sublease to transferee; we determine that purchase price and payment terms will not adversely affect transferee’s operation of the Store; you or your owners subordinate all of transferee’s obligations to you; you pay the transfer fee and all sums owed to us or our affiliate; all owners execute personal guaranties; and you and your owners and guarantors sign a release.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 16.2	We have the right of first refusal to purchase your Franchised Business if you or your owners receive and consider a formal, valid, written offer to purchase.
o. Franchisor’s option to purchase franchisee’s business	Section 16.2	Upon termination or expiration of Franchise Agreement, we have the right to purchase the premises at fair market value and the Store assets at forced liquidation value (excluding any value for leasehold improvements or fixtures belonging to landlord under your lease, franchise rights, goodwill associated with

Provision	Section in Franchise Agreement	Summary
		Marks or franchise network, and assets not reasonably necessary to the operation of the Store) by providing you notice within 30 days after expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	Sections 14.4 and 16.2	Your heirs, beneficiaries, devisees or legal representative can apply to us to continue operation of the Store, or sell or otherwise transfer interest in the Store, within 90 days after death or incapacity. If they fail to do so, the Franchise Agreement will terminate and we will have the option to buy the Store.
q. Non-competition covenants during the term of the franchise	Section 13.3	You must not divert or attempt to divert any business or customer to a competitor or perform any act which may harm the goodwill associated with the Marks and the System; or own, perform services for, or otherwise have any interest in a competing business.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.4	You may not own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a competing business for two years after the Franchise Agreement is terminated within the Designated Area, within a 10-mile radius of the Store, or within a 10-mile radius of any other business using the System.
s. Modification of the agreement	Section 21.2	The Franchise Agreement can be modified only by written agreement between the parties. We can modify or change the System through changes in the Manual.
t. Integration/merger clause	Section 21.1	Only the provisions of the Franchise Agreement and other related written agreements are binding (subject to state law), Any other representations or promises made outside of the Franchise Agreement and the disclosure document may not be enforceable. Nothing in the Franchise Agreement or any other related written agreement is intended to disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Section 20	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for collection actions or actions seeking injunctive or extraordinary relief. Disputes, other than those for collections or injunctive or extraordinary relief, or those not otherwise resolved by mediation may be brought in any court of competent jurisdiction in accordance with the terms of the Development Agreement.

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Sections 20.1 and 20.3	Mediation at the agreed-to mediator's offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for collection actions or actions for injunctive or extraordinary relief may be brought in any court of competent jurisdiction (subject to applicable state law); venue for all other actions must be initiated and litigated in the county in which Franchisor's principal place of business is located at the time of such action.
w. Choice of law	Section 20.2	The law of California, unless the law of the State in which you reside will render a provision unenforceable under California law enforceable under your State law; subject to state law.

‘AREA DEVELOPMENT AGREEMENT

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	Section 6.1	The term begins on the effective date and ends on the earlier of the date you open the last Store you are required to open under your Development Schedule or the expiration of your Development Schedule.
b. Renewal or extension of the term	Not Applicable	Not Applicable
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 6.2	We may terminate your Development Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g. “Cause” defined—curable defaults	Section 6.2	We may terminate the Development Agreement if you fail to meet your development obligations under the Development Agreement during the Development Period (including any monetary default) and you fail to cure such default within 30 days of receiving notice.
h. “Cause” defined—non-curable defaults	Section 6.2	We may terminate the Development Agreement if you cease to actively engage in development activities in the Site Selection Area or otherwise abandon your development business for three consecutive months, or

Provision	Section in Area Development Agreement	Summary
		any shorter period that indicates an intent by you to discontinue development of the Store within the Site Selection Area; you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; and any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i. Developer's obligations on termination/non-renewal	Not Applicable	Not Applicable
j. Assignment of contract by franchisor	Section 8	We have the right to transfer or assign the Development Agreement and all or any part of our rights, duties or obligations to any person or legal entity without your consent.
k. "Transfer" by developer—defined	Section 8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l. Franchisor approval of transfer by developer	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n. Franchisor's right of first refusal to acquire developer's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase developer's business	Not Applicable	Not Applicable
p. Death or disability of developer	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the	Section 8.2	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.

Provision	Section in Area Development Agreement	Summary
franchise is terminated or expires		
s. Modification of the agreement	Section 27	Your Development Agreement may not be modified, except by a writing signed by both parties.
t. Integration/merger clause	Section 27	Only the terms of the Development Agreement (and ancillary agreements) and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and this Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 12 and 13	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for collection actions or actions seeking injunctive or extraordinary relief. Disputes, other than those for collections or injunctive or extraordinary relief, or those not otherwise resolved by mediation may be brought in any court of competent jurisdiction in accordance with the terms of the Development Agreement.
v. Choice of forum	Section 13.1, Section 14	Mediation at the agreed-to mediator's offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for collection actions or actions for injunctive or extraordinary relief may be brought in any court of competent jurisdiction (subject to applicable state law); venue for all other actions must be initiated and litigated in the county in which Franchisor's principal place of business is located at the time of such action.
w. Choice of law	Section 11	The law of California, unless the law of the State in which you reside will render a provision unenforceable under California law enforceable under your State law; subject to state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and or franchisor-owned Stores, 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 maybe given only if: (1) a franchisor provides the

actual records of an existing Store 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.

There were a total of 116 NÉKTØR JUICE BAR® Stores owned and operated by franchisees during the full 2019 calendar year. Of these 116, 39 franchisees have been open and operating for at least two full calendar years without any transfers and are a typical NÉKTØR JUICE BAR® franchised location. Those 39 franchise locations are the ones included in the averages in the chart below.

FRANCHISED STORE GROSS SALE AVERAGES AND MEDIANS PER QUARTILE(2019)

	Average Gross Sales	Median Gross Sales	Total Stores in Quartile	Number and Percent that Met or Exceeded Average	Highest/Lowest in Quartile
Quartile 1	\$951,771	\$936,320	9	3/30%	\$1,077,242 / \$883,516
Quartile 2	\$757,557	\$753,242	10	4/40%	\$830,060 / \$690,083
Quartile 3	\$607,479	\$601,190	10	5/50%	\$681,314 / \$543,734
Quartile 4	\$431,338	\$427,531	10	5/50%	\$528,053 / \$319,402

Some stores have sold this amount. Your Individual results may differ. There is no assurance that you will sell as much.

Notes:

1. Gross Sales. Gross Sales for franchised Stores are those calculated in accordance with the definition included in each respective franchisee's disclosure document and franchise agreement, which are the same or similar to the definition in this disclosure document. The Gross Sales amounts needed for the above calculations were derived from our point of sale system and online sales orders.

2. Location. The majority of our 116 franchise Stores, including those 39 whose financial information has been disclosed above, as well as the 43 NJB Stores that were open and operating as of the end of 2019, are located primarily in California, Arizona, Florida, and Texas, where there are long warm summers and mild winters. Also, with respect to the Stores located in California, the state's culture places an importance on health and nutrition. Revenues for Stores in other climates or in locales where the culture may not focus as much on health and nutrition may be impacted accordingly. In addition, a store located outside of the southwest United States, where our distribution centers are located, or in areas where there are no or few System stores, will experience higher cost of goods and distribution costs.

The financial information is taken from unaudited financial information provided to us by our franchisees and online ordering service providers. It has not been independently audited. The notes that follow the chart are an integral part of the information presented in this item, and provide information to help you better understand the financial information.

Written substantiation for the financial performance representation will be made available to the prospective franchise upon reasonable request.

Each individual location and franchisee is unique, and each one will have its own set of variables that should be considered. You should conduct an independent investigation of the costs and expenses you will incur in operating your Store. Franchisees or former franchisees listed in this disclosure document may be one source of this information.

Other than the information provided above in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or

franchised stores. 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 Store, however, we may provide you with the actual records of that Store. 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 Steve Schulze at 1844 E. Carnegie Ave., Santa Ana, California 92705, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	21	51	+30
	2018	51	80	+29
	2019	80	116	+36
Company-Owned	2017	43	50	+7
	2018	50	46	-4
	2019	46	43	-3
Total Outlets	2017	64	101	+37
	2018	101	126	+25
	2019	126	159	+33

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2017 to 2019

State	Year	Number of Transfers
Arizona	2017	0
	2018	0
	2019	2
California	2017	1
	2018	3
	2019	4
Nevada	2017	0
	2018	0
	2019	2
Texas	2017	0
	2018	0
	2019	1
Totals	2017	1
	2018	3

State	Year	Number of Transfers
	2019	8

Table 3
Status of Franchised Outlets
For Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2017	1	2	0	0	0	0	3
	2018	3	8	0	0	1	0	10
	2019	10	7	0	0	0	0	17
California	2017	14	17	0	0	0	0	31
	2018	31	5	0	0	0	0	36
	2019	36	10	0	0	0	0	46
Colorado	2017	0	0	0	0	0	0	0
	2018	0	3	0	0	0	0	3
	2019	3	1	0	0	0	0	4
Florida	2017	0	0	0	0	0	0	0
	2018	0	5	0	0	0	0	5
	2019	5	5	0	0	0	0	10
Kansas	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Louisiana	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Minnesota	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nevada	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
North Carolina	2017	0	2	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	4	0	0	0	0	6
Ohio	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Oregon	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Pennsylvania	2017	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Tennessee	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Texas	2017	4	7	0	0	0	0	11
	2018	11	3	0	0	0	0	14
	2019	14	5	0	0	0	0	19
Utah	2017	0	1	0	0	0	0	1
	2018	1	2	0	0	0	0	3
	2019	3	0	0	0	0	2	1
Washington	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Total	2017	21	30	0	0	0	0	51
	2018	51	30	0	0	1	0	80
	2019	80	38	0	0	0	2	116

Table 4
Status of Company Owned Outlets
For Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2017	9	2	0	0	0	11
	2018	11	1	1	0	2	11
	2019	11	1	0	0	3	9
California	2017	33	5	0	0	0	37
	2018	37	1	0	0	4	34
	2019	34	4	0	0	4	34
Colorado	2017	1	1	0	0	0	2
	2018	2	0	0	0	1	1
	2019	1	0	0	1	0	0
Total	2017	43	8	0	0	1	50
	2018	50	2	1	0	7	46
	2019	46	5	0	1	7	43 ¹

Table 5
Projected New Franchised Outlets
As of December 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
Arizona	5	9	0
Arkansas	1	0	0
California	7	10	0
Colorado	5	5	0
Florida	5	5	0
Kansas	1	1	0
Louisiana	0	1	0
Maryland	1	1	0
Minnesota	0	0	0
Montana	2	1	0
Nevada	1	1	0
North Carolina	0	0	0
Ohio	0	0	0
Oregon	1	2	0
Pennsylvania	1	1	0
Tennessee	0	0	0
Texas	4	8	0
Utah	1	1	0
Washington	1	2	0
Wisconsin	1	1	0
Total	37	49	0

Exhibit E lists the names of all of our operating franchisees and the addresses and telephone numbers of their Stores as of December 31, 2019. Exhibit E also lists the name, city and state, and business telephone number (of, if unknown, the last known telephone number) of every franchisee who had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no known trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A to this disclosure document are the following sets of financial statements:

1. Our unaudited balance sheet as of March 22, 2020 and our statement of profit and loss for the period beginning January 1, 2020 through March 22, 2020. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM; and
2. Our audited balance sheets as of December 31, 2019, December 31, 2018 and December 31, 2017 and the related statements of profit and loss and members' equity, and cash flows for the years then-ended.

Our fiscal year ends on December 31.

ITEM 22
CONTRACTS

The following agreements are attached to this disclosure document:

<u>Exhibit B</u>	Franchise Agreement with all Attachments
<u>Exhibit C</u>	Area Development Agreement with all Attachments
<u>Exhibit D</u>	General Release (Sample Form Only)

ITEM 23
RECEIPT

Two copies of a receipt of this disclosure document appear as Exhibit I. Please return one copy to us and retain the other for your records.

NEKTER FRANCHISE, INC.

STATE ADDENDA TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Business Oversight, prior to solicitation of a proposed material modification of your Franchise Agreement and Development Agreement.

1. Item 1 of the Disclosure Document is supplemented by the following:

The State of California has codified regulations specific to the food service industry. You may refer to California Plan Check Guide for Retail Food Facilities at <http://www.ccdeh.com/resources/documents/food-safety-guidelines-1/152-california-plan-check-guide-for-retail-food-facilities-2/file>. For further requirements, please see the California Retail Food Code at <http://www.cdph.ca.gov/services/Documents/fdbRFC.pdf>.

- Item 3 of the Disclosure Document is supplemented by the following:

Neither the franchisor nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et. seq.*, suspending or expelling such persons from membership in such association or exchange.

- Item 6 of the Disclosure Document is supplemented by the following:

With respect to Stores operated within the State of California, the following late charge will apply:

Late Charge	Interest of 10% per annum from the date due	Monthly	Payable only on overdue amounts. Interest cannot exceed the maximum allowed by law.
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- Item 17 of the Disclosure Document is supplemented by the following:

California Business and Professions Code, Section 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement and Area Development Fee each contain a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains covenants not to compete that extend beyond expiration or termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement and Area Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

While the earnings claims figures do reflect certain costs of goods sold, they do not reflect all operating expenses or other costs or expenses that must be deducted from the gross revenue or

gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

The indemnification provision in the Franchise Agreement may not be fully enforceable as to punitive damages under California law.

OUR WEBSITE CAN BE FOUND AT www.nekterjuicebar.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

FOR THE STATE OF ILLINOIS

Item 17 of the Disclosure Document is supplemented by the following:

The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

FOR THE STATE OF INDIANA

1. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the Franchise Agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the master licensee. If any of the provisions of the Franchise Agreement conflict with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement provides that suit must be brought in California. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

FOR THE STATE OF MARYLAND

1. Item 5, Additional Disclosures. The following statements are added to Item 5:

Based on our current financial condition, the Maryland Attorney General's Office requires that we post a surety bond to guarantee that we will fulfill our pre-opening obligations to you. The surety bond is on file with the Maryland Securities Division.

2. Item 11, Additional Disclosures. The following statements are added to Item 11:

Maryland regulations require that a franchisee be able to obtain an accounting of the marketing fee expenditures. Therefore, you may request and obtain an accounting of the prior years' marketing fee expenditures, by sending to us a written request by certified mail, with an enclosed self-addressed and stamped envelope and a \$250 administrative fee.

3. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

FOR THE STATE OF MINNESOTA

1. Trademarks. The following statement is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.

2. Choice of Forum and Law/Jury Trial. The following statement is added to Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination, penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. General Release. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

4. Notice of Termination/Transfer. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

5. Injunctive Relief. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rules 2860.4400J.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota franchise statutes are met independently without reference to these Additional Disclosures.

FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3, Litigation. Except for the litigation disclosure contained in item 3, Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a felony, a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any

franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

No additional litigation is required to be disclosed in this Disclosure Document.

3. Item 4, Bankruptcy. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5, Initial Fees. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. Item 17, Additional Disclosures.

The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), titled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum” and Item 17(w), titled “Choice of law”:

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

The following statements are added to Item 17:

We will not assign our rights under the Franchise Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement that is inconsistent with that law.

You must sign a general release when you enter the Franchise Agreement, upon entering into a successor Franchise Agreement, and in connection with any transfer under the Franchise Agreement. These provisions may not be enforceable under New York law.

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

FOR THE STATE OF NORTH DAKOTA

Item 17 of the Disclosure Document is supplemented by the following:

Item 17(c) and Item 17(m) are amended to state that any release executed will not apply to the extent prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

Item 17(r) is amended to state that any covenants not to compete such as those mentioned herein are generally considered unenforceable in the State of North Dakota.

Item 17(v) is amended to state that except to the extent prohibited by North Dakota Franchise Investment Law.

Item 17(w) is amended to state that except to the extent required by North Dakota Franchise Investment Law.

FOR THE STATE OF RHODE ISLAND

Item 17 of the Disclosure Document is supplemented by the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to these Additional Disclosures.

FOR THE STATE OF VIRGINIA

The following is added to the Disclosure Document for Virginia residents:

Item 17.h., Additional Disclosures

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

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to these Additional Disclosures.

FOR THE STATE OF WASHINGTON

The following is added to the Disclosure Document for Washington residents:

Item 17, Additional Disclosures

RCW § 19.100.180 and court decisions may supersede the Franchise Agreement or Area Development Agreement in your relationship with us, including in the areas of termination and renewal of your Franchise Agreement or Area Development Agreement.

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement or Area Development Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

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

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of state laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

Franchisee may have the right to terminate the franchise relationship should the franchisor fail to perform its duties or under applicable law

These provisions shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

EXHIBIT A
FINANCIAL STATEMENTS

**NEKTER
Franchise
For the Three Months Ending Sunday, March 22, 2020**

	Period 3, 2020
Cathay - Franchise Operating	127,013
Total Cash	127,013
Due to(from) Franchise	7,409,066
Accounts Receivable	7,409,066
F/A - Furniture/Fixtures/Equipment	33,041
Accum Dep - Furniture/Fixtures/Equipment	-20,769
Fix Assets, Net	12,272
Total Assets	7,548,351
Accounts Payable	
Accrued Vacation	68,700
Suspense	445
Deferred Income	5,124,439
Total Accrued Expenses	5,193,584
TOTAL LIABILITIES	5,193,584
Capital Account	15
Partners Equity	45,085
Retained Earnings - Prior Yr	2,005,537
Retained Earnings - Current Yr	304,130
Total Equity	2,354,767
Total Liabilities and Equity	7,548,351

NEKTER
Franchise
For the Three Months Ending Sunday, March 22, 2020

Year to Date

2020

\$

Franchise Royalty Revenues	750,273
Franchise Royalty Comps	-54,455
Franchise Advertising Revenues	225,360
Franchise Fee Revenues	
Total Revenues	921,179

Food Cost	61
Cost Of Goods Sold	61
Gross Profit	921,119

Manager	247,031
Benefits/Other	33,879
Total Labor	280,910
Total Prime Cost	280,971
Prime Profit	640,208

Operating Expenses	
Operating Expenses	1,561
Advertising and Promotion	121,164
Utilities	1,321
Other Controllable Exp	95,283
General & Admin	116,750
Total Operating Expenses	336,078

EBITDAR **304,130**

Occupancy Costs	
Total Occupancy	0
EBITDA	304,130

Depr'n & Amortz'n	
PreOpening Expenses	
Interest Expense/(Income) net	
Other Income/Expense	
Discontinued Operations	
Forgiveness Of Debt	
Income Tax Expense	
Provision for Income Taxes	
Net Income	304,130

NÉKTER FRANCHISE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 29, 2019 AND DECEMBER 31, 2018



NÉKTER FRANCHISE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholder of
Nékter Franchise, Inc.:

We have audited the accompanying financial statements of Nékter Franchise, Inc. (the "Company"), which comprise the balance sheet as of December 29, 2019, and the related statements of income, stockholder's equity and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Nékter Franchise, Inc. as of December 29, 2019, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Nékter Franchise, Inc. as of and for the year ended December 31, 2018, were audited by other auditors whose report dated April 1, 2019, expressed an unmodified opinion on those financial statements.



Changes in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for revenue from contracts with customer in each of the years in the two-year period ended December 29, 2019, due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as required by accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Holthouse Carlin & Van Trigt LLP

Long Beach, California
April 10, 2020

NÉKTER FRANCHISE, INC.
BALANCE SHEETS

AS OF	(As restated)	
	DECEMBER 29, 2019	DECEMBER 31, 2018
ASSETS		
Current assets:		
Cash	\$ -	\$ 59,884
Due from franchisees	25,000	237,500
Due from affiliates	7,299,334	4,884,419
Total current assets	7,324,334	5,181,803
Property and equipment, net	12,272	18,880
Total assets	\$ 7,336,606	\$ 5,200,683
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accrued expenses	\$ 136,530	\$ 49,218
Income tax payable	-	80,000
Current portion of deferred franchise fee revenue	504,256	497,428
Total current liabilities	640,786	626,646
Deferred franchise fee revenue, net of current portion	4,645,183	4,148,695
Total liabilities	5,285,969	4,775,341
Stockholder's equity:		
Common stock, \$0.01 par value - 1,500 shares authorized, issued and outstanding	15	15
Additional paid-in capital	45,085	45,085
Retained earnings	2,005,537	380,242
Total stockholder's equity	2,050,637	425,342
Total liabilities and stockholder's equity	\$ 7,336,606	\$ 5,200,683

See accompanying notes to financial statements.

NÉKTER FRANCHISE, INC.
STATEMENTS OF INCOME

FOR THE FISCAL YEARS ENDED	DECEMBER 29,			(As restated) DECEMBER 31,		
	2019			2018		
Revenues:						
Royalties	\$	2,843,072	65.75 %	\$	2,052,554	66.91 %
Franchise fees		511,934	11.84		390,753	12.74
Advertising revenue		968,926	22.41		624,347	20.35
Total revenues		4,323,932	100.00		3,067,654	100.00
Operating expenses:						
Salaries and wages		1,253,301	28.99		1,163,648	37.93
Professional fees		395,719	9.15		327,781	10.69
Advertising and marketing		390,996	9.04		600,322	19.57
Software charges		258,997	5.99		162,745	5.31
Travel		140,773	3.26		69,007	2.25
Payroll taxes		97,460	2.25		76,243	2.49
Automobile expenses		65,980	1.53		31,619	1.03
Other		87,306	2.01		76,861	2.49
Total operating expenses		2,690,532	62.22		2,508,226	81.76
Income before provision for income taxes		1,633,400	37.78		559,428	18.24
Provision for income taxes		8,105	0.19		3,675	0.12
Net income	\$	1,625,295	37.59 %	\$	555,753	18.12 %

See accompanying notes to financial statements.

NÉKTER FRANCHISE, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY

FOR THE FISCAL YEARS ENDED	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholder's Equity
	Shares	Amount			
Balance at December 31, 2017	1,500	\$ 15	\$ 45,085	\$ 2,794,684	\$ 2,839,784
Cumulative effect of the adoption of ASC 606 (Note 2)	-	-	-	(2,970,195)	(2,970,195)
Net income, as restated	-	-	-	555,753	555,753
Balance at December 31, 2018, as restated	1,500	15	45,085	380,242	425,342
Net income	-	-	-	1,625,295	1,625,295
Balance at December 29, 2019	1,500	\$ 15	\$ 45,085	\$ 2,005,537	\$ 2,050,637

See accompanying notes to financial statements.

NÉKTER FRANCHISE, INC.
STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED			(As restated)	
	DECEMBER 29, 2019		DECEMBER 31, 2018	
Cash flows from operating activities:				
Net income	\$	1,625,295	\$	555,753
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation		6,608		6,608
Changes in operating assets and liabilities:				
Due from franchisees		212,500		(21,569)
Due from affiliate		(2,414,915)		(2,000,423)
Accounts payable		-		(3,029)
Accrued expenses		87,312		(82,649)
Income tax payable		(80,000)		(30,000)
Deferred franchise fee revenue		503,316		1,459,997
Net cash used in operating activities		(59,884)		(115,312)
Net change in cash		(59,884)		(115,312)
Cash at the beginning of fiscal year		59,884		175,196
Cash at the end of fiscal year	\$	-	\$	59,884
Supplemental disclosures of cash flow information:				
Cash paid during the fiscal year for income taxes	\$	88,105	\$	33,675

See accompanying notes to financial statements.

NÉKTER FRANCHISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 29, 2019 AND DECEMBER 31, 2018

1. ORGANIZATION AND NATURE OF BUSINESS

Nécter Franchise, Inc. (the “Company”) a California corporation, is headquartered in Santa Ana, California. The Company was organized for the purpose of franchising the concept of “juice bars” offering green juice blends, raw nut milk smoothies, and healthy raw, gluten-free and vegan snacks, including acai bowls.

The Company is engaged in the administration, development, operation, and licensing of businesses that operate the franchise stores, under the Nécter Juice Bar brand.

The number of stores operated are as follows:

As of December 29 and December 31,	2019	2018
Franchisee-owned stores:		
Stores operated at beginning of period	78	48
New stores opened	31	25
Stores closed	(2)	-
Stores transferred from Company	7	5
Stores operated at end of period	114	78
Company-owned stores:		
Stores operated at beginning of period	46	49
New stores opened	5	3
Stores closed	(1)	(1)
Stores transferred to franchisees	(7)	(5)
Stores operated at end of period	43	46
Licensed stores operated	1	1
Total stores operated	158	125

The Company’s operations are regulated by the Federal Trade Commission (“FTC”) and various state laws regulating the offer and sale of franchises. The FTC’s franchise rules and various state laws require that the Company furnish a franchise disclosure document containing certain information to prospective franchisees. The Company must also complete franchise registrations, pursuant to state laws, in those states where franchises are intended to be sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The Company is wholly owned by its parent corporation, Nécter Juice Bar, Inc. The Company’s financial statements consist solely of the financial position, statements of income, stockholder’s equity and cash flows of Nécter Franchise, Inc. The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

Fiscal Year The Company operates on a 52- or 53-week year, on a 13-week quarter basis, with the fiscal year ending on the Sunday closest to December 31. The periods within fiscal years 2019 and 2018 reflect the results of operations for the 52-week periods ended December 29, 2019 and December 31, 2018, respectively. The previously issued December 31, 2018 financial statements are actually as of December 30, 2018, however will be presented as December 31, 2018 and referred to as “2018” for purposes of the notes to the financial statements.

NÉKTER FRANCHISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 29, 2019 AND DECEMBER 31, 2018

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

Concentration of Credit Risk The Company is subject to credit risk related to amounts due from franchisees. The financial condition of the franchisees is largely dependent upon the underlying business trends of the Nécter brand and market conditions within the quick service restaurant industry. The concentration risk is mitigated by the large number of franchisees and the short-term nature of the receivables from the franchisees.

Revenue Recognition In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the provisions of which are primarily found in FASB Accounting Standards Codification ("ASC") Topic 606 ("ASC 606"), by the same name. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. Under the new guidance, revenue is recognized in accordance with a five-step model, as follows: identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company adopted the standard using the full retrospective method on January 1, 2018. The effects of adopting ASC 606 were (1) a charge of \$2,970,195 to retained earnings as of January 1, 2018, for the cumulative effect on prior years of having adopted the new standard and (2) a reduction in previously recorded net income of \$1,438,428 for the year ended December 31, 2018, as a result of revenues totaling \$1,438,428 which were required to be deferred under the provisions of ASC 606. The initial application was applied to all franchise agreements at January 1, 2018.

The Company derives its revenues primarily from licensing the Nécter trademark and systems (collectively the "franchise rights"). Substantially all the Company's revenue is recognized over time (Note 3).

Advertising and Marketing Advertising and marketing costs relate to activities to promote the Nécter brand to consumers and prospective franchisees and are expensed as incurred. Advertising and promotional expenses for the fiscal years ended December 29, 2019 and December 31, 2018 amounted to \$390,996 and \$600,322, respectively.

The Company expends marketing fees collected from franchisees to pay for the development of marketing materials and processes for use by franchisees and the Company in national, regional or local advertising, cooperative advertising, market research, public relations, promotional campaigns, internet presence, internet marketing, marketing products and services, and to pay for other marketing, advertising, or promotional efforts. These expenses may include, but are not limited to, payments to third party vendors that provide marketing products or services, or compensation of the Company's in-house employees for time devoted exclusively to marketing efforts for the purpose of enhancing the trademarks and the general public's recognition and acceptance of the trademarks.

NÉKTER FRANCHISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 29, 2019 AND DECEMBER 31, 2018

As the Company controls the advertising and marketing services that are promised to the franchisees before the benefit is transferred to the franchisees, the Company determined that it acts as the principal and recognizes the fees collected gross on the accompanying statements of income.

Cash Consists primarily of cash on hand. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Property and Equipment Property and equipment are stated at cost, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets, generally ranging from five to seven years. The Company capitalizes expenditures and betterments that materially increase asset lives and ordinary repairs and maintenance are expensed as incurred. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the accompanying statements of income.

Income Taxes For income tax reporting purposes, since 2016 the Company has filed a consolidated "C" corporation tax return with Nécter Juice Bar, Inc. No significant timing differences exist between the Company's US GAAP financial statements and the amount of the reported Company's share of taxable income included in the consolidated tax returns. The provision for income taxes consists solely of nominal tax and franchise fees paid in connection with various states that the Company is required to file within.

The Company is required to recognize, measure, classify and disclose in the financial statements uncertain tax positions taken or expected to be taken in the company's tax returns. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

With few exceptions, the Company is subject to examination by United States federal tax authorities for returns filed for the prior three years and by state tax authorities for returns filed for the prior four years. No examinations are currently pending.

Recently Issued Accounting Pronouncements In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"), which in conjunction with subsequent amendments issued by FASB amends the FASB's guidance on the impairment of financial instruments. The ASU adds to US GAAP an impairment model (known as the "current expected credit loss model") that is based on expected losses rather than incurred losses. For private companies, ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the timing and impact of adoption on the Company's financial statements.

3. FRANCHISE AGREEMENTS

The Company operates as a franchisor and grants an operator, the franchisee, a license to sell the franchisor's products and services and use its system and trademarks in a given area. The franchisee pays the franchisor for its concept, strategy, marketing, operating system, training, purchasing power and brand recognition.

The Company enters into a franchise agreement covering a standard set of terms and conditions. The typical franchise agreement has a 10-year term, with subsequent additional 5-year renewal periods.

NÉKTER FRANCHISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 29, 2019 AND DECEMBER 31, 2018

A prospective franchisee may elect to open either a single store or multiple stores. In addition, a franchisee may enter into an area development agreement (“ADA”), which require the franchisee to open a specified number of stores in a development area within a specified time period. A separate franchise agreement is entered into for each store under the ADA.

Franchise revenues consist of royalties and marketing and upfront fees, which include initial franchise fees, fees from ADAs, transfer fees, and renewal fees.

Upon the adoption of ASC 606, the Company determined that the services provided in exchange for upfront fees, which primarily relate to pre-opening support, are highly interrelated with the franchise rights and are not individually distinct. As a result, upfront fees are recognized as revenue over the term of each respective franchise agreement. Initial franchise fees and renewal fees are recognized on a straight-line basis over the term of the franchise agreement and renewal period, respectively.

ADAs generally consists of an obligation to grant geographic exclusive area development rights, which are not distinct from franchise agreements, so upfront fees paid by franchisees for exclusive development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro rata amount apportioned to each franchise agreement is accounted for identically to the initial franchise fee.

Upon approval of the Company, if a franchisee transfers its franchise rights to another franchisee, a new 10-year franchise term is established and the transfer fee received is recognized on a straight-line basis over the new term. Any unamortized initial franchise fees are recognized immediately upon the execution of the transfer.

Franchisees also pay continuing royalty fees and marketing fees of 6% and 2%, respectively, of gross sales. Royalty and marketing fees are recognized as they are earned, which is when the underlying sales occur. The marketing fees contribute to the brand-specific marketing and advertising administered by the Company.

Due from franchisees represents upfront franchise fees to be collected on franchise agreements in progress. Amounts due from franchisees amounted to \$25,000 and \$237,500 as of December 29, 2019 and 2018, respectively.

Deferred revenue represents the unamortized portion of the upfront franchise fees. The amount deferred as of December 29, 2019 and December 31, 2018 was \$5,149,439 and \$4,646,123, respectively. At December 29, 2019, \$504,256 and \$4,645,183 represented the current and long-term, respectively, portions of deferred revenue. At December 31, 2018, \$497,428 and \$4,148,695 represented the current and long-term, respectively, portions of deferred revenue.

Revenues are disaggregated into the three primary business segments, royalties, franchise fees and advertising revenue, as disclosed on the statements of income.

4. DUE FROM AFFILIATE

From time to time, the Company advances and receives repayments of funds to/from its parent corporation. At December 29, 2019 and December 31, 2018, the Company has a net due from affiliate balance of \$7,299,334 and \$4,884,419, respectively. These advances are non-interest bearing and are due on demand.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

As of December 29 and December 31,		2019		2018
Furniture and equipment	\$	33,041	\$	33,041
Less: accumulated depreciation		(20,769)		(14,161)
Property and equipment, net	\$	12,272	\$	18,880

For both the fiscal years ended December 29, 2019 and December 31, 2018, depreciation expense amounted to \$6,608.

6. COMMITMENTS AND CONTINGENCIES

The Company is involved in legal matters including litigation in the normal course of business. The Company does not believe that the amount of liability, if any, as a result of these proceedings and claims will have a materially adverse effect on the Company's financial position, results of operations, and cash flows.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events that have occurred from December 30, 2019 through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure in the financial statements, except as discussed below.

In recent days, the COVID-19 outbreak in the United States has resulted in reduced customer traffic, the temporary reduction of operating hours for the Company's franchised stores, the closure of some franchised stores, and a temporary waiver of royalty and advertising fees from the franchisees. These recent developments are expected to result in reduced revenues. Other financial impact could occur, however such potential impact is unknown at this time.



FRANCHISE, INC.

Independent Auditor's Report and
Financial Statements

December 31, 2017 and 2016



NÉKTER FRANCHISE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Néktør Franchise, Inc

We have audited the accompanying financial statements of Néktør Franchise, Inc (the Company) which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income and changes in stockholders' equity, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Néktør Franchise, Inc as of December 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "A. H. & Co. Inc.", is written over a faint, light blue rectangular background.

Fountain Valley, California
March 28, 2018

NÉKTER FRANCHISE, INC.

Balance Sheets

December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 175,196	\$ 39,856
Due from affiliates	3,219,462	1,550,329
Total current assets	3,394,658	1,590,185
Property and equipment, at cost		
Computer equipment	33,041	25,041
Less: Accumulated depreciation	(7,553)	(1,252)
	25,488	23,789
TOTAL ASSETS	\$ 3,420,146	\$ 1,613,974
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 3,029	\$ 14,801
Accrued expenses	115,177	-
	118,206	14,801
Stockholder's Equity		
Common stock		
Authorized - 1,500 shares, \$0.01 par value		
Issued and outstanding - 1,500 shares	15	15
Additional paid-in capital	45,085	45,085
Retained earnings	3,256,840	1,554,073
Total stockholders' equity	3,301,940	1,599,173
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,420,146	\$ 1,613,974

NÉKTER FRANCHISE, INC.

Statements of Income

For the Years Ended December 31, 2017 and 2016

	2017	2016
REVENUES		
Royalties	\$ 1,637,356	\$ 841,088
Franchise fees	2,037,255	955,000
Total revenues	3,674,611	1,796,088
Operating expenses:		
Salaries and wages	737,042	233,381
Advertising and promotions	678,208	280,018
Legal and professional fees	307,493	134,862
Travel and entertainment	197,150	101,177
General and administrative expenses	26,976	46,042
Automobile expenses	12,826	2,871
Depreciation expense	6,301	1,252
Taxes and licenses	2,758	64,180
Management fees	-	20,272
Development costs	-	2,250
Total operating expenses	1,968,754	886,305
Income from Operations	1,705,857	909,783
Total income before income taxes	1,705,857	909,783
Provision for Income Taxes	3,090	389,751
NET INCOME	\$ 1,702,767	\$ 520,032

NÉKTER FRANCHISE, INC.

Statements of Changes in Stockholder's Equity For the Years Ended December 31, 2017 and 2016

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Additional</u> <u>Paid-in</u> <u>Capital</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Stockholders'</u> <u>Equity</u>
Balance at December 31, 2015	1,500	\$ 15	\$ 45,085	\$ 545,268	\$ 590,368
Net income				520,032	520,032
Balance at December 31, 2016	1,500	15	45,085	1,065,300	1,110,400
previously reported					
Prior period adjustments	-	-	-	488,773	488,773
Balance at December 31, 2016 (Restated)	1,500	15	45,085	1,554,073	1,599,173
Net income	-	-	-	1,702,767	1,702,767
Balance at December 31, 2017	<u>1,500</u>	<u>15</u>	<u>\$ 45,085</u>	<u>\$ 3,256,840</u>	<u>\$ 3,301,940</u>

NÉKTER FRANCHISE, INC.

Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,702,767	\$ 520,032
Adjustments to reconcile net income to net cash provided by (used for) operations:		
Depreciation expense	6,301	1,252
(Increase) decrease in due from affiliate	(1,669,133)	(857,391)
(Increase) decrease in prepaid expenses	-	12,083
Increase (decrease) in accounts payable	(11,772)	(1,734)
Increase (decrease) in income taxes payable	115,177	389,751
Net cash provided by operating activities	143,340	63,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(8,000)	(25,041)
Net cash provided by (used in) investing activities	(8,000)	(25,041)
NET INCREASE (DECREASE) IN CASH	135,340	38,952
CASH - beginning of year	39,856	904
CASH - end of year	\$ 175,196	\$ 39,856

SUPPLEMENTAL INFORMATION

Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ 3,090	\$ 64,180

NÉKTER FRANCHISE, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Néktør Franchise, Inc (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Néktør Franchise, Inc was incorporated in California on July 6, 2012 and maintains its central location in Santa Ana, California. The Company was organized for the purpose of franchising the concept of “juice bars” by offering green juice blends, raw nut milk smoothies, and healthy raw, gluten-free, vegan snacks, including acai bowls under the name of “Nekter Franchise, Inc”.

Néktør Franchise, Inc is engaged in the administration, development, operation, and licensing of businesses that operate the franchise stores/juice bars.

As of December 31, 2017, Nekter's had franchised, licensed and operated 99 Nekter's Juice Bars/stores (49 Company-owned, 49 franchisee-owned and 1 licensed store) around Arizona, California, Colorado, Nevada and Texas. During 2017, the Company and its franchisees opened 28 new stores.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state law requires that the Company furnish a franchise disclosure document (“FDD”) containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2017 and 2016.

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Reclassifications – Certain amounts in the 2016 financial statements have been reclassified to conform with the 2017 presentation with no effect on previously reported net income.

NÉKTER FRANCHISE, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment – Property and equipment is stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Depreciation expense was \$6,301 and \$1,252 for the years ended December 31, 2017 and 2016, respectively.

Revenue recognition – The Company recognizes revenue on sales of franchises when all material services or conditions relating to each sale have been substantially performed or satisfied by the Company which is deemed to be when the franchise is opened. Significant services performed subsequent to this date are compensated by the royalty revenue charged to ongoing franchisees. Continuing franchise royalties are based on a percentage of franchise sales and recognized when earned.

Development agreements require the developer to open a specified number of stores in the development area within a specified time period or the agreements may be cancelled by the Company. Fees from the development agreements are deferred when received and recognized as income as stores in the development area commence operations on a pro rata basis to the minimum number of stores required to open.

Deferred franchise fees and development fees are classified as current or long-term in the financial statement based on the projected opening date of the stores.

Income taxes – For income tax reporting purposes, the management of the Company owned wholly by Nektek Juice Bar, Inc. (parent corporation) has decided to file a consolidated corporation income tax return with the parent corporation in 2016. The consolidated corporation income tax returns include the accounts of the Company and its parent corporation. All significant intercompany transactions and balances have been eliminated in the consolidation. Accordingly, deferred tax liabilities determined in 2016 was reversed in 2017.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax return will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of such challenge. The Company's income tax filings are subject to examination by the appropriate tax jurisdictions, generally for three years after they were filed.

NÉKTER FRANCHISE, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising costs – Advertising costs are charged to operating expenses as incurred or at the time the advertising first takes place. Advertising costs for the years ended December 31, 2017 and 2016 were \$678,208 and \$280,018, respectively.

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB ASC Topic “Financial Instruments” clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Disclosure includes reporting hierarchy in which fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3). The carrying amount of cash, due from affiliates, accounts payable and income taxes payable approximates fair value due to the short maturity of these financial instruments. The recorded value of these financial instruments approximated fair value at December 31, 2017 and 2016.

NOTE 3 – DUE FROM AFFILIATE

From time to time, the Company advances funds to an affiliate. At December 31, 2017 and 2016, the Company has a due from affiliate of \$3,219,462 and \$1,550,329, respectively. The advances are non-interest bearing and are due on demand.

NOTE 4 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and suppliers and, accordingly, records trade payables as those liabilities are incurred. At December 31, 2017 and 2016, the Company had recorded trade payables in the amount of \$3,029 and \$14,801, respectively.

NOTE 5 – COMMON STOCK

At December 31, 2017 and 2016, the Company has authorized, issued, and outstanding 1,500 shares of common stock \$0.01 par value.

NÉKTER FRANCHISE, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 6 – FRANCHISING

In general, the Company's franchise agreements provide for a franchise fee for each opened franchised location. Franchisees pay continuing royalty fees of up to 6% and advertising and promotion fee of 2%, which are based on gross revenues. Royalty revenue from franchisees is recognized monthly.

Franchise agreements are for a 10-year term, with subsequent additional 5 year renewals available subject to approval and payment of renewal fee of \$5,000. A franchisee may generally renew its agreement upon expiration. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

Initial franchise fees, which may be up to \$35,000 are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance to establish and operate the franchised business, training, and implementation of a uniform system which has high standards of services, and quality control system.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2016, the management of the Company owned wholly by Nekter Juice Bar, Inc. (the parent corporation) has decided to file a consolidated corporation income tax return with the parent corporation. The consolidated corporation income tax returns include the accounts of the Company and its parent corporation. All significant intercompany transactions and balances have been eliminated in the consolidation. Accordingly, 2016 income taxes liabilities of \$488,773 were reversed and have been adjusted/restated increasing retained earnings by \$488,773.

NOTE 8 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through March 28, 2018, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

EXHIBIT B
FRANCHISE AGREEMENT



**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT
SUMMARY PAGES**

EFFECTIVE DATE: _____

FRANCHISEE: _____

**FRANCHISEE'S
ADDRESS FOR NOTICES:** _____

TELEPHONE NUMBER: _____

FACSIMILE NUMBER: _____

E-MAIL ADDRESS: _____

DESIGNATED PRINCIPAL: _____

INITIAL FRANCHISE FEE: ☐ \$45,000 (Store 1),
☐ \$40,500 (Veteran's Discount – Store 1),
☐ \$_____ credited from the Development Fee paid
to Franchisor pursuant to an Area Development Agreement

ROYALTY FEE: 6% of Gross Sales

**MINIMUM GRAND OPENING
EXPENDITURE:** \$8,000

MARKETING FEE: 2% of Gross Sales

**MINIMUM QUARTERLY
LOCAL ADVERTISING
EXPENDITURE:** 2% of Gross Sales

TECHNOLOGY FEE: Currently, \$200 per month

RENEWAL FEE: \$5,000

TRANSFER FEE: Reimbursement of Franchisor's related costs and expenditures
for transfers made for convenience of operation (refer to
Section 16.2.5 of this Agreement)

\$2,500 for assignments of non-controlling interest (refer to
Section 16.2.4 of this Agreement), provided, however, that if
Franchisor determines any new Owners must undergo
training, Franchisor may charge a reasonable tuition for such
training and Franchisee agrees to cover all related travel,
lodging, and dining costs.

50% of Franchisor's then-current initial franchise fee for
assignments transferring controlling interest or complete
interest to existing NEKTER JUICE BAR franchisees plus
reimbursement of Franchisor's costs in facilitating the transfer

Franchisor Initials

Franchisee Initials

(including reasonable attorneys' fees and broker costs) (refer to Section 16.2.3 of this Agreement)

75% of Franchisor's then-current initial franchise fee for assignments transferring controlling interest or complete interest to new System franchisees plus reimbursement of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees and broker costs) (refer to Section 16.2.3 of this Agreement)

RELOCATION FEE:

50% of Franchisor's then-current initial franchise fee

FRANCHISOR

ADDRESS FOR NOTICES:

Nekter Franchise, Inc.
1844 E. Carnegie Avenue
Santa Ana, California 92705
Attention: CEO

With a copy to:

Maral M. Kilejian, Esq.
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, TX 75219-7672
Facsimile: (972) 692-9030

Franchisor Initials

Franchisee Initials

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**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

This FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (the “**Effective Date**”) by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”), and the franchisee identified in the Summary Pages (“**Franchisee**”). In this Agreement, “**we**”, “**us**”, and “**our**” refer to Franchisor. “**You**” and “**your**” refer to Franchisee.

RECITALS

A. We and our Affiliates have developed and own a distinctive business method, format, system and plan (“**System**”), identified by the “**NÉKTØR JUICE BAR**” Marks, for the establishment, development, and operation of stores that offer fruit and vegetable juices, smoothies, specialty drinks, cleanses, acai bowls, and other health-centric products and related items in a contemporary environment (“**Stores**”);

B. We and our Affiliates may continuously develop a proprietary line of specially formulated juices, cleanses, and other food products (“**Trade Secret Food Products**”) and related presentation, packaging, and marketing standards and techniques for such Trade Secret Food Products as with all products offered at the Stores;

C. You understand that the format, systems, techniques, specifications, standards, policies and controls established and insisted upon by us are fundamental to the System, and are for the purposes of establishing and maintaining certain standards of uniformity and quality control among all Affiliate-owned and franchised NÉKTØR JUICE BAR® Stores, to maintain the proprietary rights to the System and Marks for the benefit of the Franchisor and its franchisees; and

D. We grant to qualified persons franchises to own and operate NÉKTØR JUICE BAR® Stores and you now desire to operate a NÉKTØR JUICE BAR® Store using the System and Marks and have applied for a franchise, which application has been approved by us in reliance upon all of the representations made therein; and

E. You understand and acknowledge the importance of our high and uniform standards of quality, operations, and customer service and the necessity of operating the NÉKTØR JUICE BAR® Store in conformity with our standards and specifications;

D. In relying on your representations and statements, whether included in your application for the Store, related documents and statements, this Agreement and its Attachments, or otherwise, we have agreed to grant to you the right to operate a NÉKTØR JUICE BAR® Store at the Franchised Location upon the terms and conditions of this Agreement.

NOW THEREFORE in consideration of the premises and of the mutual covenants and agreements herein contained, and for other good and valuable consideration (the receipt and sufficiency of which is acknowledged by the parties), the parties agree as follows:

1. GRANT

1.1 Grant. We hereby grant to you the license to operate a NÉKTØR JUICE BAR® franchised outlet utilizing the System and Marks at the Franchised Location specified in Attachment B-2 (the “**Store**”), and you hereby accept such grant and undertake the obligation to continuously operate the NÉKTØR JUICE BAR® Store at the Franchised Location during the Term strictly in accordance with the System and the terms and conditions of this Agreement.

This Agreement specifically grants you no right, among others, to **(a)** sublicense the System or Marks; **(b)** to co-brand with another concept; **(c)** to provide delivery services, or to deliver or ship products offered for sale by or through the Store, regardless of the destination, without our prior written consent, which consent may be withheld or conditioned at our discretion; **(d)** to prepare or sell any product or item related to the Marks or the Store at any location other than the Franchised Location; or **(e)** to distribute products offered

for sale by or through the Store through wholesale channels, that is, to third parties for resale, retail sale, or further distribution by such third party, including such wholesale channels as supermarkets, convenience stores, or other retailers.

1.2 Designated Area. This Agreement grants you a “**Designated Area**”, as identified in Attachment B-2. Except for sales in “Closed Markets” (as defined in Section 1.3 below, and which are carved out from territorial protection as described in Attachment B-2), during the term of this Agreement and as long you are not in default under this Agreement, we will not own or operate, or grant anyone else the right to own or operate a NÉKTØR JUICE BAR® Store at a location in the Designated Area. We reserve for ourselves all other rights.

In consideration of our grant of a Designated Area to you, you agree to, at all times, use best efforts to promote and increase the sales and service of menu items and to effect the widest and best possible distribution throughout the Designated Area, soliciting and servicing all potential customers for NÉKTØR JUICE BAR® food products and services. Your failure to devote best efforts to adequately represent the NÉKTØR JUICE BAR® Store in your Designated Area through your sales and service efforts will be deemed just cause for termination.

1.3 Designated Area and Reservation of Rights. Except for the restrictions described in Sections 1.1, 1.2, and this Section 1.3, there is no restriction on our right to use and to license the use of the Marks. Unless you are in default under this Agreement or any other Agreement between yourself or your Affiliates and us or our Affiliates, we will not operate or franchise to any other person the right to operate a NÉKTØR JUICE BAR® Store within your Designated Area. We may own and operate and grant others the right to own and operate NÉKTØR JUICE BAR® Stores, and may sell and license others the right to sell products offered at the stores and other products identified by the Marks anywhere outside the Designated Area, regardless of proximity to or economic effect on your Store. We may also own and operate, and grant others the right to own and operate, NÉKTØR JUICE BAR® Stores in any format, and may sell and license others the right to sell items and products identified by the Marks in “Closed Markets” within the Designated Area. “Closed Market” venues include any facility serving a captive market, including hotels, resorts, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which juice bar and smoothie products and other related products and services rights are, or may reasonably be anticipated to be, contracted to a third party or parties. We may also distribute products and services identified by the Marks, such as pre-packaged menu items or Trade Secret Food Products, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, and via mail order, catalog sales and/or the Internet.

1.4 Right to Operate Businesses Under Different Marks. Nothing in this Agreement prohibits or restricts us from **(a)** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e. a mark other than NÉKTØR JUICE BAR®), whether or not the business is the same as or competitive with NÉKTØR JUICE BAR® Stores; or **(b)** owning, operating, or franchising one or more businesses offering products or services other than the Trade Secret Food Products under the NÉKTØR JUICE BAR® Marks or some derivative of the Marks.

1.5 Discretionary Exception to System Uniformity. You acknowledge that because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, at our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any System franchisee based upon the peculiarities of the particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition or situation which we deem to be of importance to the successful

operation of such franchisee's business. You will not be entitled to require us to grant you a like or similar variation hereunder.

2. TERM AND RENEWAL

2.1 Term and Effective Date. Unless sooner terminated as provided in this Agreement, the term of this Agreement ("**Term**") will begin on the Effective Date set forth on the Summary Page of this Agreement and will expire 10 years thereafter ("**Expiration Date**").

2.2 Renewal. We may, in our sole discretion, grant you the right to renew for two consecutive renewal terms of five years each, but may condition our agreement to renew your franchise rights upon the following terms and conditions:

(a) You have notified us, in writing, of your intent to renew at least nine months, but not more than twelve months, prior to the expiration of the then-current term;

(b) You nor your Affiliates are in default under the terms of this Agreement or any other agreement with us or our Affiliates, nor are you or your Affiliates in default under the terms of any agreements, including payment terms, with Store suppliers;

(c) You and your Affiliates have fully complied and continue to fully comply with the material terms and conditions of this Agreement or any successor franchise agreement (as applicable) throughout the term and with the material terms of and any other agreement with us or our Affiliates;

(d) You have satisfied all amounts owed to us, our Affiliates, and third party suppliers, and have, throughout the term of this Agreement or, if applicable, the term of the first renewal agreement, timely met all payment obligations to us, our Affiliates, and third party suppliers;

(e) You have the right to remain in possession of the Franchised Location and are not in default of any provision of any lease for the Franchised Location, or you have secured a substitute premises that we have accepted in writing;

(f) The Store has been renovated and refurbished so that it reflects our then-current image, trade dress, equipment, signage, and furnishings standards;

(g) You have met our then-current qualifications for new franchisees;

(h) You have complied with our then-current training requirements;

(i) You and each person who has guaranteed your obligations under this Agreement, or any successor agreement, signs a general release in the form we prescribe;

(j) You have executed upon renewal our then-current form of franchise agreement, which may include terms and conditions which differ from those contained in this Agreement, including, without limitation, different royalty and marketing fees and expenditures for advertising and promotion than are provided in this Agreement; and

(k) You have paid to us the Renewal Fee indicated on the Summary Pages.

2.3 Holdover. If you continue to accept the benefits of this Agreement after the expiration of the term but do not complete the requirements in Sections 2.2 then, at our sole option, this Agreement may be treated as (a) expired as of the Expiration Date and you will be operating without a franchise or license to do so and in violation of our rights to the Trademarks and System; or (b) continued on a month-to-month basis (a "**Holdover Period**") and all your obligations will remain in full force and effect during the Holdover Period as if the Agreement had not expired; provided, however, that during any Holdover Period you will pay a Royalty Fee and Marketing Fee equal to 150% of the rates set forth in this Agreement. Each Holdover Period expires at the end of each calendar month unless this Agreement is continued as provided in this

Section 2.2. The Holdover Period does not create any new franchise rights and upon expiration of the final Holdover Period, you will be bound by all post-term obligations as provided in this Agreement.

3. FRANCHISED LOCATION

3.1 General. The Franchised Business will be located at the address set forth in Attachment B-2 to this Agreement (hereinafter referred to as the "**Franchised Location**") and you will not relocate the Franchised Business without our prior written approval which, unless otherwise provided for herein, may be withheld by us in our sole discretion.

3.2. Site Selection. You must identify and acquire a site for the Store by the Control Date (the "**Control Date**") specified in the Attachment B-1. If no date has been provided in the Summary Pages, the Control Date will be five months from the Effective Date. The site must be located within the Site Selection Area (the "**Site Selection Area**") identified in Attachment B-1. The Site Selection Area is not exclusive to you and we may, at our sole discretion, grant others the right to develop Stores in your Site Selection Area. The site must also meet our then-current site selection criteria, and must otherwise be mutually acceptable to you and to us. Ultimately site selection is solely your responsibility. We may require that you use only a real estate broker that we have designated or approved to assist you in locating a suitable site for the Store. Once you have acquired the site for the Store, we will mutually agree upon a Designated Area and an opening date ("**Opening Date**"), which unless mutually agreed to and set forth in Attachment B-2 otherwise, will be no later than six months from the date we accept the proposed Franchised Location.

3.3 Franchise Site Application. For each proposed site that you identify, you must deliver to us a completed franchise site application in a form we prescribe, including such information about the site as we may reasonably request to perform our evaluation. This information may include, among other things, a description of the proposed site, demographic and psychographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. We will accept or refuse to accept a proposed site within 30 days after the receipt of these documents and any additional information as we may reasonably require. Our failure to provide notification within this time period will not be considered acceptance. **The parties acknowledge and agree that our acceptance of any proposed site is not an assurance that the Store will achieve a certain sales volume or level of profitability; it means only that the proposed site meets our minimum criteria for NÉKTØR JUICE BAR® Store.**

3.4 Lease of Franchised Location. If you will occupy the Franchised Location under a lease, we will have the right to accept the lease terms, and the lease will not be signed until it has been reviewed and accepted by us. Our acceptance of a lease will be conditioned on the inclusion of terms acceptable to us. **The parties acknowledge and agree that our acceptance of a lease does not mean that the economic terms of the lease are favorable, it means only that the lease contains the lease terms that we require.** At our option, the lease will contain such provisions, including, but not limited to:

(a) A provision reserving to us the right, at our election, to receive an assignment of the leasehold interest upon termination or expiration of the franchise grant;

(b) A provision which expressly requires the lessor to provide us all sales and other information lessor may have related to the operation of the Store, as we may request;

(c) A provision which requires the lessor concurrently to provide us with a copy of any written notice of deficiency under the lease sent to you and which grants to us, in our sole discretion, the right (but not obligation) to cure any deficiency under the lease within fifteen (15) business days after the expiration of the period which you had to cure any such default should you fail to do so;

(d) A provision which evidences your right to display the Marks in accordance with our specifications, subject only to the provisions of applicable law;

(e) A provision which allows us or our designees the right to enter the Franchised Location at any reasonably time as required in order to enforce the terms of this Agreement;

(f) A provision that the Franchised Location be used only for the operation of a Store;

(g) A provision which expressly states that any default under the lease shall constitute a default under this Agreement; and

(h) A provision which expressly states that if you or your Affiliate is the lessor of the Franchised Location, that lessor will not lease the Franchised Location to a Competing Business for a period of one (1) year after the termination or expiration of this Agreement.

You agree that we may negotiate directly with the landlord regarding the above matters, and that if the landlord enters into an agreement with us for the purposes described above, then you will also enter into and execute the such agreement with the landlord and us. Our current form of Lease Rider is enclosed with this Agreement as Attachment F and must be executed by the landlord, if any, of the Franchised Location.

3.5 Store Design and Build Out. You will, promptly after obtaining possession of the site for the Store:

(a) cause to be prepared and submitted for our approval a site survey and any modifications to our basic architectural plans and specifications (not for construction) for the development of a NÉKTØR JUICE BAR® Store (including requirements for dimensions, exterior design, materials, interior design and layout, millwork, equipment, fixtures, furniture, signs, and decorating) at the site leased or purchased, provided that if we provide a set of basic plans and specifications, you may modify our basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and with prior notification to and approval by us; **(b)** obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; **(c)** purchase or lease equipment, fixtures, furniture, décor, and signs according to our standards and specifications; **(d)** complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Store in full and strict compliance with plans, if any, and specifications provided and approved by us and in compliance with all applicable ordinances, building codes and permit requirements; **(e)** obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and **(f)** otherwise complete development of the Store and have it ready to open and begin operations on or by the Opening Date identified in Attachment B-2. We may require that you engage our designated architect for the design of your Store, provided, however, that you will be responsible for compliance with all applicable federal, state, and local laws and regulations, as well as all applicable ordinances, building codes and permit requirements.

During construction, you must maintain the minimum general liability and property damage insurance of the type and with the limits we require, protecting you, us, and our Affiliates, and each of the foregoing's respective partners, shareholders, directors, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to us and shall contain a waiver of subrogation in favor of us and our Affiliates, and our and their respective partners, shareholders, directors, agents, and employees. You will notify us in writing when construction begins, and thereafter will provide progress reports as frequently as we may require and in the form we designate. We and our designees have the right to inspect the site at all reasonable times.

3.6 Opening. You may open the Store for business only with our prior written permission. We will grant permission to open only if **(a)** all amounts due to us and our Affiliates have been paid; **(b)** the Store has been constructed and equipped according to our standards and specifications; **(c)** all of your pre-opening and training obligations have been satisfied; **(d)** we have received from you a fully executed copy of your Franchised Location lease containing the mandatory lease terms described in Section 3.4; **(e)** we have

received from you certificates of insurance as required under this Agreement; and **(f)** you are otherwise in good standing under this Agreement.

3.7 Operational Expenditures and Capital Expenses. We may periodically modify standards, specifications, and operating procedures, and these modifications may obligate you to invest additional capital in the Store and/or incur higher operating costs. You agree to implement any changes in standards, specifications, and operating procedures within the reasonable time period we request, whether they involve refurbishing or remodeling the Store, buying new operating assets, adding new products or services, or otherwise modifying the nature of the Franchised Business's operations, as if they were part of this Agreement as of the day it was signed.

3.8 Relocation of Store. If the lease for the site of the Store expires or terminates through no fault of your own, or if the site is destroyed, condemned or otherwise rendered unusable, or as otherwise may be mutually agreed upon in writing by you and us, we will grant permission for relocation of the Store at a location and site acceptable to us, provided that the Store must be open for business at the new location within 270 days of closing the previous location. If you are allowed to relocate your Store, you must comply with our then-current standards and specifications for Stores and site selection will be governed by the terms of this Section 3. We will make no guarantee of your success at this new location. You are solely responsible for all relocation costs and expenses, and you agree to pay to us the Relocation Fee stated in the Summary Pages.

4. FEES

4.1 Franchise Fees. Upon execution of this Agreement, you will pay to us an Initial Franchise Fee in the amount specified in the Summary Pages, less any applicable development credit if you are signing this Agreement under an Area Development Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable. The Initial Franchise Fee amount does not include any applicable taxes for which you will be solely responsible.

4.2 Royalty Fee. During the term of this Agreement, you will pay to us a nonrefundable royalty fee ("**Royalty Fee**") equal to 6% of Gross Sales for the right to use the System and Trademarks. If any taxes, fees, or assessments are imposed on your payment of the Royalty Fee (except taxes imposed on our net taxable income) you must also pay or reimburse us the amount of the taxes, fees, or assessments within fifteen (15) days after your receipt of our written notice.

4.3 Marketing Fee. You must pay to us a marketing fee ("**Marketing Fee**") equal to 2% of Gross Sales. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate.

4.4 Technology Fee. You must also pay to us, on such date and in such manner as we designate, a Technology Fee in the amount indicated on the Summary Pages to be used in connection with certain software and technology related costs as determined by us in our discretion. The amount in the Summary Pages is subject to change as our technology-related costs also change. Such amounts may be used, for example, for intranet development, support, maintenance, and related costs; software or application development, customization, and implementation; online, internet, or digital related software, platforms, or support; hardware and/or software support; and other technologically-related activities as we may determine from time to time.

4.5 Fee Due Dates. Each week, on such day as we designate, you must pay to us the Royalty Fee and Marketing Fee, (collectively, "**Operating Fees**") due to us under this Agreement (the "**Payment Date**"). We reserve the right to change the weekly fee to any other periodic payment, such as monthly payments, as we elect in our discretion. All Operating Fees must be paid in full by the Payment Date. If we accept any payment from you that is less than the full amount due, we have the right to recover the remaining balance due and to pursue any other remedy against you. For all other fees, the Payment Date will be the

date stated in the demand. We reserve the right to change the payment schedule for payment of Operating Fees.

4.6 Method of Payment. You must use the payment method or methods that we select for all payments due to us. We currently require electronic funds transfer but may also permit payment via credit card. For payment via EFT, you must choose an account at a commercial bank (the "**Account**") and give the bank all authorizations needed for us to transfer funds from the Account. On each Payment Date, we will transfer the amount of Operating Fees due from you. You agree to maintain enough funds in the Account to cover all amounts payable to us. If funds in the Account are not enough to cover the amounts payable at the time we start the funds transfer, the amount of the loss will be considered overdue. And you agree to pay us, on demand, the overdue amount plus interest, any related bank fees, and any related Late Fees as described in Section 4.7 below. These remedies are in addition to any other remedies we may have under this Agreement or the law. If you fail to timely report your Gross Sales or for any reason we do not have access to assess your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your Account based on our estimate, plus 10% of our estimate. If we underestimate any fees due, you will be required to pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales. Our right to effect payment by electronic funds transfer or any other future payment method does not impair or reduce your duty to make payment when due.

4.7 Appointment as Agent for Collection. From time to time, third parties, including our Affiliates, may appoint us as their agent for purposes of collecting fees, charges, and other amounts you owe to them, and you agree that we may collect such amounts, on such third parties' behalf, via the payment methods outlined in Section 4.6. You understand that we rely on such third parties to provide us with accurate accounting and amounts due, and that if any such amounts are disputed by you, that we will in no way be held responsible for any amounts we collect on such third party's behalf, and that your sole recourse will be against the third party for whom the amounts were collected.

4.8 Interest on Overdue Payments; Late Fee. If any payment or amount owed is not received in full by the date such amount is due, you agree to pay us, upon demand, interest on the amount owed, calculated from the due date, at the rate of 18% per annum (or the maximum rate permitted by law, if less than 18%) on the remaining amount owed periodically. You also agree to pay us a late fee ("**Late Fee**") in the amount of \$100 for each overdue payment received after the due date. We may increase the Late Fee amount upon 60 days prior written notice, but we will not increase the Late Fee more than once in any 12-month period.

4.9 Taxes and Fees. You are responsible for all taxes, assessments, and government charges imposed on you for any business activities under this Agreement. All payments by you to us under this Agreement will be made without set-off or deduction, except for taxes or fees required to be deducted or withheld by taxing authorities. If you fail to deduct or withhold these taxes or fees, unless requested or instructed by us not to, you will indemnify us for the full amount of the taxes or fees and for any loss (including penalties, interest, and expenses) caused by your failure to deduct or withhold taxes or fees. Also as part of the Operating Fees, you will pay any taxes imposed on us or our affiliates by federal, state, or local taxing authorities for our acceptance of any Operating Fees. This does not include any taxes measured on our income.

4.10 Collection Costs and Expenses. If you fail to comply with any of the terms or conditions of this Agreement, you must promptly reimburse us for any and all costs and expenses that we incur in enforcing the terms of this Agreement including, without limitation, fees paid to a collection agency, and reasonable attorneys' fees and accountants' fees. This obligation is in addition to and not in lieu of any other remedies available to us under this Agreement and applicable law.

4.11 Partial Payments; No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due to us under this Agreement on grounds of alleged nonperformance by us of any of our obligations or for any other reason. Withholding Royalty Fees or any other amounts due to us is a

material breach of this Agreement. If you pay less than the amount due, your payment will be considered a partial payment on account. We may accept such payment as a partial payment irrespective of any endorsement or other statement that the payment constitutes full payment. Our acceptance of such partial payment will not be considered a waiver of any of our right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. We may apply your payments to any indebtedness, in our sole and reasonable discretion, regardless of any designation that accompanies the payment.

5. TRAINING AND ASSISTANCE

5.1 Initial Training. If this Agreement is being signed in conjunction with your first Store, then before you may open the Store for business, at least one of your Owners, which must be the Designated Principal, and at least one Store manager must attend and successfully complete our initial training program. All trainees must attend the same initial training sessions. All expenses incurred by you, your Owners, and your employees in attending such program, including, without limitation, travel costs, room and board expenses, and salaries, will be your sole responsibility. The initial training program must be completed at least three weeks before the Store opens.

We will determine, at our discretion, whether to provide and/or require some or all of the initial training program for personnel of multiple unit operators.

5.2 On-Site Store Opening Assistance. If this Agreement is being signed in conjunction with your first Store, then, around the commencement of operations of the Store, we will furnish to you, one of our representatives on-site for up to 70 hours of on-site assistance in order to facilitate the opening and initial operation of the Store. If you are a multiple unit operator, then, in lieu of the assistance described in the two preceding sentences, we will furnish to you one representative who will provide up to 40 hours of operations assistance around the opening of your second Store, and up to 14 hours of operations assistance around the opening of your third or subsequent Store. You agree to pay us for our representative's costs and expenses in providing such on-site Store opening assistance, including travel, lodging, and meals.

Should you request additional assistance from us in order to facilitate the opening of the Store and should we, in our discretion, deem it necessary, feasible and appropriate to comply with the request, you agree to reimburse us for the expense of providing such additional assistance which may include our then-current service fee, as set forth in the Manuals which may be amended from time to time.

5.3 Opening Assistance. We will provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Store, building layout, furnishings, fixtures, and equipment, sample plans and specifications, training, purchasing and inventory control, and such other matters as we deem appropriate. We will also advise you about establishment of business relationships with designated and approved suppliers.

5.4 Failure to Successfully Complete Initial Training Program. If we determine, in our sole discretion, that you are unable to satisfactorily complete either phase of the training program as described in Sections 5.1 and 5.2 above, we will have the right to: **(a)** require you or certain key personnel to attend such additional training as we require so as to demonstrate your ability to operate the Store to our satisfaction; or **(b)** terminate this Agreement in accordance with its terms.

5.5 Additional Training. From time to time we may provide additional required training. If we do, we may require that previously-trained and experienced Owners, managers, and other key personnel complete refresher or new training or seminars to be conducted at such location as may be designated by us. Our annual convention will also be deemed mandatory additional training. We may charge you a reasonable training fee for each individual attending the additional training program, and you are responsible for any expenses involved in your attendees' attendance of and participation in such further training including, for example, any applicable travel, living, and food expenses, and wages. You acknowledge and agree that any consultation and/or advice that we provide to you will not relieve you of your responsibilities to comply

with all applicable laws, rules, and regulations with respect to your operation of the Store and that you will seek the advice of local counsel where necessary.

5.6 **Mandatory Manager Training.** If you designate new or additional Store managers after the initial training program, we may require that such new or additional managers attend and successfully complete our training program at a location we designate at our then-current published rates. You agree to bear all costs incurred by your attendees.

5.7 **Ongoing Consultation.** We will provide such ongoing consultation and advice as we deem appropriate, which may include information about new service and product development, instruction concerning the operation and management of NEKTER JUICE BAR® Stores, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in our discretion, through Store visits by our personnel or designees, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.8 **Meetings and Conferences.** We may decide to organize meetings of our franchisees that may be mandatory or optional. We will designate the time and place of any meetings, that may be held in-person or remotely via teleconference, web seminar, or other method we designate. You are responsible for travel, living, and other expenses that you, your Owners, and/or your Designated Principal incur in attending the meetings. If we designate such meetings as additional training we may also charge you a reasonable fee for each attendee.

5.9 **Performance by Delegate.** You acknowledge and agree that any of our rights or duties hereunder may be exercised and/or performed by any of our designees, agents, or employees. We reserve the right to retain the services of an area director in the geographic area in which the Store will be located. In such event, the area director may provide certain consultation, advice, services, and assistance, as we may direct. You acknowledge and agree that you are not an intended third party beneficiary with respect to any agreement between us and any area director.

6. INTELLECTUAL PROPERTY

6.1. **Franchisor's Representations.** We represent to you that we own or have obtained from our licensors a license to use and to sublicense to you the right to use the Marks, Trade Dress, and Copyrighted Works in accordance with the terms and conditions of this Agreement.

6.2 **No Contesting Our Rights.** During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly challenge our or our respective licensor's, title, right, or interest in or to, or our license to use or the validity of, the Marks, the Trade Dress, or the Copyrighted Materials, or any trade secrets, methods or procedures that are part of the System (collectively, the "**Intellectual Property**"), or challenge our or our licensors' right to register, use, or license others to use the Intellectual Property. You may not engage in any conduct that adversely affects the ownership or registration of the Intellectual Property, or our right to use or to sublicense the use of the Intellectual Property. You shall execute all documents that we request in order to protect the Intellectual Property or to maintain their validity and enforceability.

6.3. **Acknowledgments.** You expressly acknowledge that we or our licensors, as applicable, own all right, title, and interest in and to the Intellectual Property, as well as the goodwill associated therewith, and that you have no ownership interest in any of the foregoing. You further acknowledge and agree that any and all goodwill associated with the Store and identified by the Marks is our property and will inure directly and exclusively to our benefit and that, upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with the Store and your use of the Marks. You understand and agree that any use of the Marks, Trade Dress, or Copyrighted Works other than as expressly authorized by this Agreement and in the Manual, without our prior written consent, constitutes an infringement of our rights and is grounds for termination and that the right to use the Marks,

Trade Dress, and Copyrighted Works does not extend beyond the termination or expiration of this Agreement.

6.4. Use of the Marks. You agree to only use the Marks we designate, in the manner that we authorize and permit, and with the symbols “®”, “TM”, or “SM”, as appropriate. You will also use the Marks only in connection with the operation and promotion of the Store, and only in the manner we prescribe.

6.5. Restriction Against Use in Your Corporate Name. You may not use the Marks or any part thereof in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf.

6.6. Restriction Against Use of the Marks and Copyrighted Works on the Internet. You may not use the Marks or any part or derivative thereof or any of our Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register as part of any user name on any website (including commercial, gaming, video sharing, user review, and social networking websites), or as part of any unauthorized email address. You also may not display on any website (including commercial, gaming, video sharing, user review, and social networking websites) our Copyrighted Works, which include the design portion of the Marks, or any collateral merchandise identified by the Marks.

6.7. Notice. You will identify yourself as an independent franchise owner of the Store in conjunction with any of the Marks or operation of the Store, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, payroll stubs, and contracts, as well as at such conspicuous locations at the Store as we may designate in writing. The form and content of such notice will comply with the standards set forth in the Manuals.

6.7. Infringement. You will promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works, or any challenge to our or our licensors’ ownership of, our license to use and to license others to use, or your right to use, the Marks or Copyrighted Works licensed under this Agreement. You acknowledge that we and our applicable licensors have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. We and our Affiliates, if our licensors are our Affiliates, have the right, but not the obligation, to take action against third parties for infringement of the Marks or Copyrighted Works. We also have the exclusive right to contest or bring action against any third party regarding the third party’s use of any of the Marks and will exercise such right in our sole discretion. If we or our Affiliates elect to defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works, the cost of such defense, including the cost of any judgment or settlement, will be borne by us. If we determine, in our sole discretion, that you have not used the Marks or Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you agree to execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

6.8. Changes to the Marks. We reserve the right, in our sole discretion, to designate one or more new, modified or replacement Marks for your use and to require your use of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with any such directive within 60 days following your receipt of written notice, and you are responsible for all related costs and expenses. We need not reimburse you for your direct expenses for changing the Store’s signs, lost revenue due to any modified or discontinued Mark, or expenses in promoting a modified or substitute trademark or service mark. We may exercise these rights at any time and for any reason, business

or otherwise, we think is best. You acknowledge both our right to take this action and your obligation to comply with our directions.

6.9 Post-Termination or Expiration. On the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically return to us without cost and without the execution or delivery of any document. On our request, you must execute all documents that we require to confirm such return.

6.10 Improvements. You may not introduce any improvement or modification of or to the System, the Intellectual Property, or the Store without our prior written consent. If you or any of your owners develops any new concept, product, service, sales technique, or improvement in the operation or promotion of the Store (including any product sold at the Store), you must promptly notify us, and provide to us all necessary related information. Any and all such improvements to the System, the Intellectual Property, and the Store that you develop (whether or not consented to) will automatically become our property without any compensation to you. If such improvements may be protected by trademark, copyright, patent, trade secret, or other laws, then you must execute the documents that we may require to prove ownership of such improvements, to transfer ownership thereof to us, and to file related registrations or recordings. By signing this Agreement, you and each Owner assign your respective rights in and to the concept, product, sales technique or improvement to us and permit us to use or disclose the information to other System franchisees as we determine appropriate, without providing you any compensation.

7. OPERATIONS MANUAL; SYSTEM MODIFICATION

7.1 Operations Manual. During the Term of this Agreement, we will loan to you one copy of our confidential operations manual (“**Operations Manual**”), which may be in digital format, and may supplement the information with other written directives (collectively, the “**Manuals**”). For the purpose of this Agreement, the reference to Manuals includes, without limitation and collectively, other related manuals, books, bulletins, memoranda, letters, notices, video or audio recordings, other publications, documents or digital communications, prepared by us or on our behalf for use by franchisees generally or for you in particular, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the operation of the Store, as same may be amended from time to time.

You will operate the Store in accordance with the standards, methods, policies, and procedures specified in the Manuals. The Manuals will at all times remain our sole property, will be kept in a secure place at the Store, and will promptly be returned on the expiration or other termination of this Agreement. At no time will you or your employees make copies or reproductions of all or part of the Manuals. You will, at all times, ensure that your copies of the Manuals be available at the Store in a current and up-to-date manner. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters will be controlling.

7.2 System Modification. We reserve the right to add to and otherwise modify the System, Manuals, the Menu Items, Trade Secret Food Products, and other products and services offered by the Store (such as, but not limited to, the addition, deletion, and modification of menu items, operating procedures, products and services) from time to time. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration and modifications to existing improvements, including structural changes. We will notify you of any such System changes and you will implement any System changes upon receipt of notice thereof and will complete the implementation within such time as we may reasonably specify.

7.3 Confidentiality. The Manuals contains our proprietary information and will be kept confidential by you both during and after the expiration and/or termination of the Term of the franchise. You agree to use the Manuals only in connection with the operation of the Store, and to make the Manuals available to your employees only on a need to know basis.

8. CONFIDENTIAL INFORMATION

8.1 Confidential Information. You acknowledge that all Trade Secrets, as defined below, and other elements of the System; all customer information; all information contained in the Manuals; the method of preparation of menu items; Trade Secret Food Products and other food products; ideas, designs, pricing, supplier information, and other specifications, product formulae, standards and operating procedures of a NÉKTØR JUICE BAR® Store; is derived from information disclosed to you by us and that such information is proprietary, confidential, and our Trade Secrets (“**Confidential Information**”). “**Trade Secrets**” refers to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding the NÉKTØR JUICE BAR® Store and the System that is valuable and secret in the sense that it is not generally known to our competitors. You will maintain the absolute confidentiality of all Confidential Information and not disclose them to any person or entity during and after the termination or expiration of this Agreement. You also agree not to use any Confidential Information in any other business or in any manner not specifically authorized or approved in writing by us. You will return all Confidential Information to us upon the expiration or termination of this Agreement.

8.2 Maintaining Confidentiality. You agree to divulge such Confidential Information only to the extent and only to those of your employees as must have access to it in order to operate the Franchised Store. Any and all information, knowledge and know-how, including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data, which we designate as confidential will be deemed confidential for purposes of this Agreement, except information which you can demonstrate lawfully came to your attention prior to our disclosure to you; or which, at the time of disclosure by us to you, had lawfully become a part of the public domain through publication or communication by others (without violating an obligation to us); or which, after disclosure to you by us, lawfully becomes a part of the public domain through publication or communication by others (without violating an obligation to us). You must require anyone who may have access to the Confidential Information to execute non-disclosure agreements in a form acceptable to us that identifies us as a third-party beneficiary of the agreements with the right to enforce them.

9. ADVERTISING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to our standards and specifications related to advertising, marketing, and trademark use. You will submit to us samples of proposed promotional and marketing materials, and notify us of the intended media, before first publication or use. We will use good faith efforts to approve or disapprove proposed promotional and marketing materials within 15 days of their receipt. You may not use the promotional or marketing materials until we expressly approve the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. We may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval. To the extent any marketing or promotional materials are provided to you by us without charge, excluding, however, payment for shipment of such materials, we retain ownership of such materials at all times and have the right to do, or the right to direct you to do, whatever we instruct with respect to such materials.

9.2 Grand Opening Expenditure. You agree to spend at least the amount indicated on the Summary Pages on advertising and promotional activities, as approved in advance by us, to promote your Store’s grand opening. Your grand opening expenditure will be conducted in accordance with guidelines established by us as published in the Manuals. You agree to provide us with proof of the expenditures required under this Section immediately on our request.

9.3. Marketing Fee. You must pay to us a marketing fee (the “**Marketing Fee**”) in the amount stated on the Summary Pages. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate in our sole discretion. We may collect the Marketing Fee on such periodic basis as we specify, which may be weekly, monthly, or otherwise.

9.4. Local Advertising. You must spend the minimum amount noted on the Summary Pages to promote the Store in your market area. We may require that you: **(a)** submit, 30 days prior to the beginning of each calendar quarter, your advertising campaign and budget for our review and approval; and/or **(b)** that you submit proof of expenditures immediately on our request. All local advertising must be conducted with our prior written approval and in accordance with our standards and specifications.

9.5. Loyalty Programs, Prize Promotions, and Promotional Literature.

9.5.1. You will participate in and offer to your customers: **(a)** all customer loyalty and reward programs; and **(b)** all contests, sweepstakes, and other prize promotions; which we may develop from time to time. We will communicate to you in writing the details of each such program or promotion, and you will promptly display all point-of-sale advertising and promotion-related information at such places within the Store as we may designate. You will purchase and distribute all coupons and other collateral merchandise designated by us for use in connection with each such program or promotion.

9.5.2. If we develop or authorize the sale of gift certificates, stored value cards, gifts cards, loyalty cards and/or customized promotional receipts, you will acquire and use all computer software and hardware necessary, as well as engage any designated service provider, to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates and/or loyalty cards belong exclusively to us, and you will remit the proceeds of such sales to us or our designee according to the procedures that we periodically prescribe. We will reimburse or credit to you (at our option) the redeemed value of gift certificates and/or loyalty cards accepted as payment for products and services sold by the Store.

9.5.3. You will also display at the Store all promotional literature and information as we may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about the NÉKTÖR JUICE BAR® franchise offering.

9.5.4. You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time to time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

9.6. Participation in Marketing Programs. You agree, at all times, to cooperate with us and other franchisees and actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions, online or digital promotion, or promotions which involve any future-developed platform or technology) which may be developed and implement by us. Participation may include, without limitation, purchasing (at your expense) and using **(a)** point of sale materials, **(b)** counter cards, displays, and giveaway items promoting loyalty programs, prize promotions, and other marketing campaigns and programs, **(c)** digital and/or online promotion-related platforms, software, applications, and advertisement, and **(d)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

9.7. Advertising Cooperatives. We may, from time to time, form local or regional advertising cooperatives (“**Advertising Cooperative**”) to pay for the development, placement, and distribution of advertising for the benefit of Stores located in the geographic region served by the Advertising Cooperative. Any Advertising Cooperatives we establish will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the aforementioned purposes. If we form an Advertising Cooperative for the region in which the Store is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 9.7.

9.7.1. We have the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in our discretion, and to create and amend the organizational and governing documents related

thereto. You agree to be bound by all organizational and governing documents created by us and, at our request, execute all documents necessary to evidence or affirm your agreement.

9.7.2. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without our prior written approval. All advertising plans and materials must conform to the Standards and must be submitted to us for approval

9.7.3. Fees paid by you as contribution to an Advertising Cooperative established in your geographic area will be credited towards your local advertising requirement as set forth in the Summary Pages.

10. ACCOUNTING; RECORDS; AND SOFTWARE

10.1 Maintenance of Records. You will maintain during the term of this Agreement, and preserve for the time period specified in the Manuals, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by us in the Manuals or otherwise in writing and in accordance with generally accepted accounting principles (“GAAP”), consistently applied. You agree to retain for a period of three years thereafter all books and records related to the Store, including, without limitation, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals and general ledgers. We have the right to require that you use only an accountant that we have approved. However, if you fail to comply with our accounting, record-keeping, and reporting obligations, we may require that you use our designated accountant (which also may be our accountant) to ensure preparation of required reports and financial statements accurately and in our desired format.

10.2 Submission of Records.

10.2.1 Monthly Statements. You will supply to us monthly profit and loss statements and balance sheets for each calendar month within twenty-five days after the end of each month, in the form we prescribe.

10.2.2 Yearly Statements. Additionally, you will, at your expense, submit to us within forty-five days after the end of each fiscal year during the term of this Agreement a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared on an accrual basis, including all adjustments necessary for fair presentation of the financial statements. Such financial statements shall be certified to be true and correct by you. We reserve the right to require annual financial statements, prepared in accordance with generally accepted accounting standards, audited by an independent certified public accountant. You will also provide us with copies of all federal and state income tax returns and sales tax returns.

10.2.3 Additional Reports and Statements. You will submit to us such other periodic reports, forms and records as specified, in the manner and at the time as specified in the Manuals or as we otherwise require in writing from time to time.

10.2.4 Late Fee. You agree to pay us \$100 late fee for each required profit and loss statement, balance sheet, and other required report not submitted on or before its original due date as required under this Section 10.2. This late fee is not a penalty but compensates us for increased administrative and management costs due to your default.

10.3 Point of Sale; Computer Systems. You will acquire and use only the point of sale and computer systems and equipment that we prescribe for use by NÉKTØR JUICE BAR® Stores (“**Computer System**”), and adhere to our requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections. As technology or software is developed in the future, we may, in our sole discretion, require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software as we prescribe. You will also

procure any related service and maintenance contracts for ongoing technology support that we may require. You agree and acknowledge that we will have full access to all of your data, system, and related information recorded or stored by and on the Computer Systems by means of direct access whether in person or remotely and you will not block or deny our access to the same.

10.4 Software. You will: **(a)** purchase, install, and use any proprietary software programs, third party software programs, system documentation manuals, and other proprietary or non-proprietary materials that we may require in connection with the operation of the Store; **(b)** input and maintain in your computer such data and information as we prescribe in the Manuals, software programs, documentation, or otherwise; and **(c)** purchase, install, and use new or upgraded software programs, system documentation manuals, and other proprietary materials, or execute and renew licenses for existing software, at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You will enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed thereunder.

10.5 Non-Cash Systems. We may require that you purchase, install, and use such hardware and software used in connection with non-cash systems which we may require you to accept, including debit cards, credit cards, stored value cards, and other non-cash systems that we periodically specify.

10.6 Data Security and PCI Compliance. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly you agree that you will cause the Store to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You are solely responsible for your own education as to these regulations and standards, and for achieving and maintaining applicable compliance certifications and standards. You will defend, indemnify, and hold us harmless from and against all claims arising out of or related to your violation of the provisions of this Section.

10.7 Independent Access. You agree and acknowledge that we may independently and remotely access Gross Sales and other information recorded by your Computer Systems. There is no limitation on our right to access this information, whether remotely, in person, or upon request, nor is there any limitation on our right to use the information for any desired purpose.

10.8 Audit of Franchisee Records. We or our designated agents reserve the right at all reasonable times to examine and copy, at our expense, your books, records and tax returns. We also have the right, at any time, to have an independent audit made of your books and records at our expense. If an inspection should reveal that any payments due to us have been understated, then you will immediately pay to us the amount understated upon demand, in addition to the late fee and interest from the date such amount was due at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less, until paid. If an inspection or audit discloses an understatement in any report of two percent (2%) or more, you will, in addition, reimburse us for any and all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorneys’ fees). The foregoing remedies will be in addition to any other remedies we may have.

10.9 Taxes. You agree to promptly pay all taxes due and owing based on your operation of the Store including, without limitation, sales taxes, income taxes, and property taxes.

11. STANDARDS OF QUALITY AND PERFORMANCE

11.1 General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Store according to the highest applicable health standards and ratings, to timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Store, to operate the Store according to our operating methods, standards, and specifications, and to maintain, at all times, a high moral and ethical standard in the operation of the Store;

(b) To secure and maintain in force all required licenses, permits and certificates relating to the operation of the Store and operate the Store in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, dispensing of food products, consumer protection, trade regulation, workers' compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security, sales, use and property taxes;

(c) To use the location of the Store for the purpose of operating a NÉKTØR JUICE BAR® Store;

(d) To notify us by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health, liquor or narcotics laws or regulations, and notify us in writing within five days of the commencement of any investigation, action, suit or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Store or the System.

11.2 Authorized Menu Offerings. You will offer for sale and sell at the Store all items, including food and beverage products, that we authorize from time to time, and only such items that we authorize. In order to ensure that all menu items produced by you meet our high standards of taste, texture, appearance and freshness and in order to protect our goodwill and Marks, all Trade Secret Food Products, menu items and other food products will be prepared only by properly trained personnel strictly in accordance with our recipes, techniques, and processes as designated by us in the Manuals and will be sold only at retail to customers in conformity with our marketing plan and concept. You acknowledge that such recipes, techniques, and processes are integral to the System and failure to adhere to such recipes, techniques, and processes (including the handling and storage of both ingredients and fully prepared menu items) will be detrimental to the System and Marks. You will participate in all market research programs that we require, which may include test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, and/or promoting the sale of the new products. You will provide us with timely reports and test results for all such programs.

11.3 Purchases from Designated Sources.

11.3.1 You agree to purchase only from us or suppliers designated by us (“**Designated Suppliers**”) all goods and services that we identify from time to time including, without limitation: (a) fixtures, furniture, equipment, interior and exterior signage, graphics, décor, and Store design consulting services; (b) your requirements of Trade Secret Food Products, and all other food products and ingredients; (c) all beverages; (d) uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing the Marks); (e) advertising, point-of-purchase materials, and other printed promotional materials; (f) gift certificates and stored value cards; (g) stationery, business cards, contracts, and forms; and (h) displays, napkins, cups, boxes, bags, labels, forms and other paper and plastic products imprinted with the Marks.

11.3.2 From time to time, we will provide you with a list of approved manufacturers, suppliers and distributors (“**Approved Suppliers List**”) and approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Store (“**Approved Suppliers List**”). Such lists will specify the manufacturer, brand name, supplier and distributor and the inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and services which we have approved to be carried or used in the System. We may revise the Approved Suppliers List and

Approved Supplies List from time to time in our sole discretion and such lists will be provided to you as we deem advisable.

11.3.3 All inventory, products, materials and other items and supplies used in the operation of the Store which are not specifically required to be purchased in accordance with our Approved Supplies List and Approved Suppliers List will conform to the specifications and quality standards established by us from time to time.

11.3.4 If you propose to offer for sale at the Store any brand of product, or to use in the operation of the Store any brand of food ingredient or other material or supply which is not then approved by us as meeting our minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by us as an approved supplier, you will first notify us and, on our request, submit samples and such other information as we require for examination and/or testing or to otherwise determine whether such product, material or supply, or such proposed supplier, meets our specifications and quality standards. A charge not to exceed the reasonable cost of the inspection and evaluation and the actual cost of the test shall be paid by you or the supplier. We reserve the right, at our option, to re-inspect the facilities and products of any supplier of an approved item and to revoke our approval of any item which fails to continue to meet any of our criteria. We further reserve the right, in our sole discretion, to approve any and all supplies, suppliers, brand name products and other products and services, whether currently approved by us or submitted to us by you for approval, authorized for use in connection with, by, or sale from the Store. We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our Affiliate) for the particular item or service if we believe that doing so is in the best interests of the System. We and our Affiliates have the right to receive payments from suppliers due to their actual or prospective dealings with you and other franchisees and to use all amounts we receive without restriction for any purposes we deem appropriate (unless we and our Affiliates agree otherwise with the suppliers).

11.4 Store Premises. You agree to maintain the condition and appearance of the Store premises consistent with our quality controls and standards and cause such maintenance to the Store as is from time to time required to maintain or improve the appearance and efficient operation of the Store. If at any time in our judgment the general state of repair or the appearance of the Store premises or its equipment, fixtures, signs or decor does not meet our quality control and standards, we will notify you, specifying the action to be taken by you to correct such deficiency. If you fail or refuse to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance or cure for the deficiency, we have the right, in addition to all other remedies, to enter the Store premises and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on your behalf you will pay the entire cost of the demand. Your obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to a force majeure event.

You will purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as we may reasonably direct from time to time in the Manuals or otherwise in writing in accordance with our standards and specifications; and refrain from installing or permitting to be installed on or about the Store premises, any fixtures, furnishings, equipment, decor, signs, vending or game machines or other items not previously approved in writing as meeting our standards and specifications.

11.5 Store Management. The Store must at all times be under the direct, on-premises supervision of your Designated Principal or a general manager. Both your Designated Principal and any general manager must have successfully completed our initial training program to our satisfaction. If you employ a full-time general manager, your Designated Principal will remain obligated to supervise the general operations of the Store and both report directly to us and be available to discuss with us all issues related to the operations of the Store. If the Designated Principal is or expects to be inaccessible, indisposed, or away from the Store

for such a period of time as to be unable to fully and consistently fulfill its duties hereunder, you must notify us in writing and include in such notice the alternate Owner assuming the Designated Principal's duties. You must also keep us informed at all times as to identity of your Store's general manager.

11.6 Employee Policy; Uniforms and Employee Appearances. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Manuals or otherwise in writing. You shall cause all employees, while working at the Store, to: **(a)** wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and **(b)** present a neat and clean appearance. You are responsible for the training of your own employees.

11.7 Inventory. You acknowledge that the Store shall at all times maintain an inventory of ingredients, Trade Secret Food Products, food and beverage products and other products, materials, and supplies that shall permit operation of the Store at maximum capacity.

11.8 Operating Hours. You agree to keep the Store open for business during the normal business hours on all normal business days as reasonably prescribed by us from time to time for the System, subject to compliance with applicable laws and the lease of the Store premises, it being acknowledged and agreed that "normal business hours" for a NÉKTÖR JUICE BAR® Store may entail late night closings.

11.9 Continuous Operations. During the Term of this Agreement, you shall use the Store premises only as and for a NÉKTÖR JUICE BAR® Store, and agree to continuously operate the Store during the Term hereof.

11.10 Pricing. To the fullest extent permitted by applicable law, we reserve the right to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products or services.

11.11 Web Site. We may, but are not be obligated to, establish and maintain from time to time a website to provide information about the System and the goods and services that NÉKTÖR JUICE BAR® stores provide. We have sole discretion and control over the design and content of our website.

11.12 Social Media. You agree to follow our mandatory specifications, standards, operating procedures, and rules for using social media in connection with your operation of the Store and you must agree to any Social Media policy we implement. The term "**Social Media**" includes personal blogs, common social networks, professional networks, live-blogging tools, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites, applications, or tools.

11.13 Quality Assurance Inspections; Mystery Shops. We and our designees have the right to enter the Store premises during regular business hours to inspect the Store for quality assurance purposes, to conduct mystery shops, and to assess customer satisfaction. We need not notify you in advance of such inspection. During these inspections, we or our designees may obtain for testing purposes and without charge, reasonable quantities of ingredients, products and supplies. If notified of a deficiency, you must promptly cure the deficiency. Such quality assurance audits, inspections, and mystery shops may be conducted by us at our expense, or by independent, third party providers at your expense. At our request, you agree to engage one or more third party service providers, which may be designated by us, to provide periodic quality assurance audits and/or mystery shops at your sole cost and expense.

You further agree to cooperate fully with us and our designees and representatives in connection with such inspections. If we (or our agents or representatives) inspect the Store and determine that it is not operating in compliance with this Agreement and our standards and specifications, and we then must re-inspect the Store to determine whether you have corrected the operating deficiencies, we may require you to pay us our then-current Re-Inspection Fee for each follow-up inspection of the Store. You agree to present to your

customers the evaluation forms we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by or for us.

11.14 Franchisee Advisory Council. If we create an advisory council of franchisees ("**Franchisee Advisory Council**") to advise us on various issues and strategies, the Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or end the Franchisee Advisory Council at any time. If we establish a Franchisee Advisory Council, you must participate in all related activities and meetings and pay any dues related to the Franchisee Advisory Council.

12. INSURANCE

You must maintain at your expense in full force and effect throughout the Term of this Agreement the types of insurance and the minimum policy limits and deductibles stated in the Manuals. Such policies will be written by a responsible carrier or carriers acceptable to us. The insurance policy or policies must protect you, us, our parents, our Affiliates, and each entity's respective, past, present, and future officers, directors, owners, managers, members, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage, or expense of any kind arising out of, or in connection with the Store, including the condition, operation, management, use, or occupancy of your Store and any related vehicles. To the fullest extent permitted by law, we and our parents, Affiliates, and subsidiaries (including each entity's respective, past, present, and future officers, directors, owners, managers, members, employees, consultants, attorneys, and agents) must be added/named as additional insureds on all coverages on which additional insureds can be added, even for claims regarding the additional insureds' sole negligence. The coverage offered to the additional insureds will be primary coverage to any other coverage maintained by the additional insureds and will not permit or require such other coverage to contribute to the payment of any loss. Policies must also contain a waiver of subrogation in favor of the additional insureds. You must provide to us any documentation we require to evidence your compliance with this Section, where such documents may include, without limitation, additional insured endorsements and your insurance certificates. We may require additional types of coverages, impose minimum deductible amounts, or increase the required minimum amount of coverage, at our sole discretion, on reasonable notice. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. Your insurer(s) must commit not to cancel or amend the policy or policies without at least 30 days' prior written notice to us. If you fail to obtain and maintain insurance coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance plus a reasonable fee for our services in obtaining the insurance, which you agree to pay on demand.

Nothing contained herein shall be construed as a representation or warranty by us that such insurance limits we specify from time to time will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of the Store. Maintenance of any such insurance and your compliance with the obligations under this Agreement shall not relieve you of your liability under the indemnity provisions of this Agreement.

13. COVENANTS

13.1 Applicability. Unless otherwise specified, the terms "you" and "your" as used in this Article 13 shall include, collectively and individually, those parties defined and described in Article 28.

13.2 Full Time Best Efforts. You covenant that during the Term of this Agreement, except as otherwise approved in writing by us, you (if you are an individual), your Designated Owner (if you are an entity), or your full-time manager (as approved by us if your manager is not your Designated Owner) shall devote full-time, energy and best efforts to the management and operation of the Store.

13.3 Non-Competition During Term of Agreement. You covenant that during the Term of this Agreement, except as otherwise approved in writing by us, you will not, either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or entity:

13.3.1 Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

13.3.2 Directly or indirectly, own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with a Competitive Business, other than a NÉKTÖR JUICE BAR® store operated pursuant to a then-currently effective franchise agreement with us at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

The term “**Competitive Business**” means **(a)** any store or foodservice business that offers, as a primarily offering, fresh or bottled juices, smoothies, cleanses, or other fruit and/or vegetable-based beverage items, or **(b)** any business granting franchises or licenses to others to operate the type of business specified in clause (a) above.

13.4 Non-Competition After Expiration or Termination of Agreement. You specifically acknowledge that, pursuant to this Agreement, you will have received valuable training and Confidential Information. Accordingly, commencing upon the later of: **(a)** a transfer permitted under Section 16.2. of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination) or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 13.4, and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business, other than a NÉKTÖR JUICE BAR® store operated pursuant to a then-currently effective franchise agreement with us, that **(a)** is, or is intended to be, located at the Store premises of the former Store; **(b)** within the former Designated Area of the Store and 10 miles from the former Store; or **(c)** within a 10 mile radius of any other store operating under the System and Marks in existence or under development at the time of such expiration, termination or transfer.

If this Section 13.4 is found unenforceable, either in whole or in part, by a court of law, or other official proceeding, we shall still be entitled to equitable relief. If any of your Owners ceases to be an owner of the Franchisee for any reason during the franchise term, the foregoing covenant shall apply to the departing owner for a two year period beginning on the date such person’s interest in Franchisee is transferred, assigned, or sold.

The two year time period described in this Section 13.4 will be tolled during any period of noncompliance.

13.5 Additional Provisions. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 13. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, such finding shall not impair the remainder of this Agreement and you will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 13.

You understand and acknowledge that we have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 13.3 and 13.4, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13.6 Covenants from Individuals. You, each Owner, and each individual who attends Franchisor's training program shall be required to sign a confidentiality and non-compete agreement substantially in a form satisfactory to Franchisor. You shall be responsible for ensuring compliance with such agreement. Such individuals will also be required to execute a training-related liability waiver in a form satisfactory to Franchisor.

13.7 Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 13 would result in irreparable injury to us for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

14. DEFAULT AND TERMINATION

14.1 Termination with Notice and Without Opportunity to Cure. This Agreement shall terminate automatically upon delivery of written notice of termination to you, if you or any of your Owner(s), officer(s) or manager(s):

- (a) Fail to find a suitable site for the Store by the Control Date or, if there is no Control Date, within five months of the Effective Date of this Agreement, or fails to open the Store by the Opening Date;
- (b) Fail to satisfactorily complete the training program as provided in Sections 5.1. through 5.3. of this Agreement;
- (c) Made any material misrepresentation or omission in its application for the franchise;
- (d) Are convicted of or plead no contest to a felony or other crime or offense that is likely to adversely affect your reputation, the reputation of the System, or the reputation of the Store;
- (e) Made any unauthorized use, disclosure or duplication of any portion of the Manuals or duplicates or discloses or makes any unauthorized use of any Confidential Information;
- (f) Abandon, fail, or refuse to actively operate the Store for two business days in any twelve month period, unless the Store has been closed for a purpose approved by us or due to force majeure;
- (g) Fail to relocate the Store to an accepted subsequent location within an approved period of time following expiration or termination of the lease for the Store premises;
- (h) Surrender or transfer control of the operation of the Store; transfer or attempt to transfer any right to this Agreement or the Store in violation of Article 16 of this Agreement; or fail or refuse to assign the franchise or the interest in you of a deceased or disabled controlling Owner thereof as herein required;
- (i) Submit to us on two or more separate occasions at any time during the term of the franchise any reports or other data, information, or supporting records which understate by more than 2% the Royalty and Marketing Fees due for any period, and you are unable to demonstrate that such understatements resulted from inadvertent error;
- (j) If you are adjudicated bankrupt, become insolvent, commit any affirmative act of insolvency or file any action or petition of insolvency, or if a receiver (permanent or temporary) of your property or any part thereof is appointed by a court of competent authority, or if you make a general assignment for the benefit of your creditors, or if a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed), or if execution is levied against your business or property, or if suit to foreclose any lien or mortgage against the Store premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed; provided, however, that we reserve the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by you;

(k) Materially misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks or the System;

(l) Fail on two or more separate occasions within any period of 12 consecutive months to submit when due required or requested reports or other information or supporting records, to pay when due the Royalty Fees, Marketing Fees, amounts due for purchases from us or our Affiliates or other payments due to us;

(m) Fail to correct within 24 hours any violation of any health, safety, or sanitation law, ordinance or regulation or you operate the Store in a manner that presents a health or safety hazard to your customers or the public;

(n) Offer for sale unauthorized products or services from the Store premises or in conjunction with the Marks;

(o) Failure to pass two or more quality assurance inspections within any rolling 12 month period, including any re-inspection;

(p) If you unilaterally repudiate this Agreement or the performance or observance of any of the terms and conditions hereunder by word or conduct evidencing your intention to no longer comply with or be bound by the same; or

(q) we deliver to you three or more written notices of default pursuant to this Article 14 within any rolling 12 month period, whether or not the defaults described in such notices ultimately are cured.

14.2 Termination with Designated Cure Period. This Agreement will terminate without further action by us or additional notice to you, other than the initial notice of default, if you or any of your Owners:

(a) Fail or refuses to make payments of any amounts due to us under this Agreement, or you fail to comply with your Grand Opening Expenditure obligations, and do not correct such failure or refusal within 10 business days after written notice of such failure is delivered to you;

(b) Fail or refuse to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed in the Manuals or otherwise in writing and does not correct such failure within 30 days (or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected, if such failure cannot reasonably be corrected within 30 days) after written notice of such failure to comply is delivered to you.

14.3 Step-In Rights. We have the right (but no obligation), under the circumstances described below, to assume the Store's management (or to appoint a third party to assume its management) for any time period we deem appropriate. If you (or a third party) assumes the Store's management under subsections (b) or (c) below, you must pay to us (in addition to the Royalty Fees, Marketing Fees, and other amounts due under this Agreement) a reasonable daily Management Fee as determined by Franchisor for up to 60 days after we (or a third party) assumes management.

We (or the third party) will have a duty to use only reasonable efforts and, unless directly caused by our gross negligence or act of willful misconduct, will not be liable to you or your Owners for any damages, debts, losses, claims, or obligations related to the Store, or to any of your creditors for any supplies, products, or other assets or services the Store purchases, while we (or the third party) manage it. You further agree to hold us, our Affiliates, and their respective Owners, officers, employees, and agents harmless to the fullest extent of the law for any damages, losses, or expenses we incur or claims brought as a result of our management of the Store, provided, however, that this indemnification will not apply to damages, losses, expenses or claims resulting directly from our gross negligence or willful misconduct. If we (or a third party) assumes the Store's management under subsections (a) or (d) below, we (or the third

party) may retain all, and need not pay you or otherwise account to you for any, Gross Sales generated while we (or the third party) manage the Store.

We (or a third party) may assume the Store's management under the following circumstances: **(a)** if you abandon or fail actively to operate the Store; **(b)** if you fail to comply with any provision of this Agreement, including any System standard, and do not cure the failure within the time period specified in our notice to you, but only for as long as it takes us, using reasonable commercial efforts, to correct the failure that you failed to cure **(c)** if, due to extraordinary circumstances or the death or incapacitation of your Designated Principal, you request that we temporarily manage the Store; or **(d)** if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase the Store under Section 15.10 below. Exercising our management rights above will not affect our right to terminate this Agreement under Sections 14.1 or 14.2 above.

14.4 Termination Related to Death or Permanent Incapacity. We have the right to terminate this Agreement if an approved transfer as required by Article 16 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

14.5 Franchisor's Alternative Remedies to Termination. In lieu of exercising our right to terminate this Agreement, we may, without waiving such right to terminate: **(a)** withhold services to you; **(b)** limit your access to any or all portions of certain software or computer systems; **(c)** revoke your right to participate in promotions or programs and to attend franchise conventions and meetings; **(d)** after your failure to cure such default, inspect or re-inspect the Store and, regardless of whether it is an inspection or re-inspection, charge you our then-current Re-Inspection Fee; and/or **(e)** exercise our option to acquire the Store pursuant to Section 15.10.

14.6 Cross Default. Where there is more than one agreement or other instrument in existence between you and us, or your Affiliates and us, you agree that we have the right to treat a breach or default of any one agreement or instrument as a breach or default of all or any of the other agreements or instruments, and any such breach or default of any one agreement or instrument shall be treated as a breach or default of the other agreements or instruments. The termination of any one agreement or instrument, may be treated as a termination of any other or all agreements or instruments between you (and/or any of your Affiliates) and us.

15. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

15.1 Cease Use of Marks; Cancellation of Fictitious Name. Upon termination or expiration of this Agreement, you will immediately cease all use of the Marks and Confidential Information. You will also cancel any assumed name registration containing the Marks and, at our option and request, assign to us all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Store. You hereby appoint us as your attorney-in-fact with full power and authority for the sole purpose of assigning these rights to us. This appointment is deemed to be coupled with an interest and shall continue in full force and effect for 12 months following termination or expiration of this Agreement.

15.2 Assignment of Telephone Numbers. You agree, within 15 days of expiration or termination, to authorize, and not to interfere with, the transfer of all telephone numbers and directory listings used in connection with the Store to us or at our direction; and/or to instruct the telephone company to forward all calls made to your number to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deems appropriate on your behalf to effect these events.

15.3 Return of Manuals and Other Confidential Information. You will immediately deliver to the Manuals and all other records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Store which are in your possession; and all copies thereof (all of which are acknowledged to be our property), and you must destroy, which destruction may be supervised by us or our designees and certified as complete by you, all digital copies of such Confidential Information.

15.4 Return of Signage and Other Items to Us. If we do not exercise our option, if any, to purchase the Store, you agree, at your own cost and without any payment from us for such items, to deliver to us, to make available to us for pick-up, or to destroy (at our option), in any case within 10 days, all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials we request containing any Mark or otherwise identifying or relating to a NÉKTÖR JUICE BAR® Store. If you fail to do so voluntarily when we require, we and our representatives may enter the Store at our convenience and remove these items without any criminal or civil liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so.

15.6 De-Identification. If we do not have or do not exercise our option to purchase the Store, you agree, within the timeframe we specify and at your own expense, to take all closing, de-identification, and de-branding steps, and make the alterations to the Store's interior and exterior as we specify in our Manuals (or otherwise communicate to you at the time) to distinguish the Store clearly from its former appearance and from other NÉKTÖR JUICE BAR® Stores in order to prevent public confusion and protect the Marks and the System. If you fail to do so voluntarily when we require, we and our representatives may enter the Store premises at our convenience and take these actions without any criminal or civil liability to you, the landlord, or any other third party for trespass or any other claim. We need not compensate you or the landlord for any alterations. You must reimburse our costs of de-identifying the Store.

15.7 Payment of all Due Amounts; Liquidated Damages. You agree to pay to us within 15 days after this Agreement expires or is terminated all unpaid Royalty Fees and Marketing Fees, all amounts due for purchases from us or our Affiliates, any other amounts due to us or our Affiliates which are unpaid, and all applicable late fees and interest. If we terminate this Agreement due to your default hereunder, or under any other agreement with us, or if you terminate this Agreement before this Agreement's scheduled expiration date, you will pay to us, as liquidated damages and not as a penalty, damages in the amount equal to **(i)** your average weekly Royalty Fee plus your average weekly Marketing Fee due for the last 52 weeks (or, if less, the period the Store has been open) before your termination, **(ii)** multiplied by the lesser of 156 or the number of weeks remaining in the then-current Term of the Franchise Agreement, and **(iii)** discounted to present value using the then-current prime rate of interest quoted by our principal commercial bank.

15.8 Covenants. You will comply with the covenants contained in Section 13.4 and as otherwise provided for under this Agreement, which survive the expiration or termination of this Agreement.

15.9 Costs and Attorneys' Fees. You will pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions contained in Articles 13 and 15.

15.10 Our Option to Acquire the Store. Under the circumstances listed below, we have certain rights to acquire the Store on the termination or expiration of this Agreement.

15.10.1 Exercise of Option. On : **(a)** Our termination of this Agreement according to its terms and conditions, **(b)** your termination of this Agreement regardless of reason or cause, or **(c)** expiration of this Agreement, we have the option, exercisable by providing you with written notice before or within thirty (30) days after the date of termination or expiration, **(i)** to purchase any or all of the assets of the Store and the fee simple interest in the Store premises (if you or one of your affiliates owns such premises) or, if you (or one of your affiliates) does not own the Store premises or we choose not to purchase your (or your affiliate's) fee simple interest in the premises, **(ii)** to purchase any or all of the assets of the Store and exercise the rights under Section 15.10.2 below; **(iii)** to purchase any or all of the assets of the Store without exercising any rights to purchase, or assume any rights to occupy, the Store premises. We have the unrestricted right to assign any of the foregoing options to purchase.

We are entitled to all customary warranties and representations if we elect to purchase any or all of the Store's assets, including, without limitation, representations and warranties as to ownership and

condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

15.10.2 Right to Premises. If you lease the Store premises from an unaffiliated lessor, or if we choose not to purchase your (or your affiliate's) fee simple interest in the Store premises, you agree (as applicable) at our election: **(a)** to assign your leasehold interest in the Store premises to us or our Affiliate; **(b)** to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease; or **(c)** to lease the premises to us for an initial five year term, with two five year renewal terms (at our option), on commercially reasonable terms.

15.10.3 Purchase Price. The purchase price for the fee simple interest in the Store premises, if applicable, will be its fair market value. The purchase price for the assets of the Store will be its forced liquidation value (also known as auction value) and will not include any leasehold improvements or fixtures belonging to landlord under the applicable lease, the franchise or any rights granted by this Agreement; the goodwill attributable to the Marks and our brand image and other intellectual property, or participation in the network of NÉKTØR JUICE BAR® Stores. The forced liquidation value of the assets will be determined by a company selected by us whose principal business is to evaluate assets to be liquidated.

We may exclude from the assets purchased any operating assets or other items that are not reasonably necessary (in function or quality) to the operation of the Store or that we have not approved as meeting then-current system standards for NÉKTØR JUICE BAR® Stores, and the purchase price will reflect these exclusions. We also need not pay you for the items referenced in Section 15.4, above, which you are obligated to send to us at no cost to us.

15.10.4 Appraisal. If we cannot agree on fair market value for the fee simple interest in the Store premises, fair market value will be determined by one independent accredited appraiser upon whom we will agree who will conduct an appraisal and, in doing so, be bound by the criteria specified in Section 15.10.3. You and we agree to select the appraiser within 15 days after we notify you that we wish to exercise our purchase option (if we have not agreed on fair market value before then). You and we will share equally the appraiser's fees and expenses. The appraiser must complete its appraisal within 30 days after its appointment. The purchase price will be the appraised value. If we cannot agree on the appraiser, he or she will be chosen by the American Arbitration Association.

15.10.5 Closing. We (or our assignee) will pay the purchase price at closing, which will take place not later than 60 days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to purchase the Store and/or the fee simple interest in the Store premises. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your Owners owe to us or our Affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee):

(a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;

(b) all of the licenses and permits of the Store that may be assigned or transferred; and

(c) the fee simple or leasehold interest in the premises and improvements or a lease assignment or lease or sublease, as applicable.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we (or our assignee) and you will close the sale through an escrow. You and your Owners further agree to execute general releases, in our form, of any and all claims against us, our Affiliates, and their respective owners, officers, directors, employees, agents, successors, and assigns. If we exercise

our rights under this Section 15.10., You and your Owners agree that, for a two year period beginning on the closing date, they will be bound by the non-competition covenant contained in Section 13.4. above.

If you have closed or abandoned the Store, we will be obligated to pay only the forced liquidation value of the assets we elect to purchase. If we elect to exercise any option to purchase as herein provided, we will have the right to set off all amounts due from you under this Agreement, if any, against any payment thereof.

16. TRANSFER AND ASSIGNMENT

16.1 Transfer by Us. We may transfer or assign all or any part of our rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of our obligations under this Agreement, the assignee shall become solely responsible for all of our obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that we and/or our Affiliates may sell their assets, the Trade Secret Food Products, the Marks, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other entities, or be acquired by another entity; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Trade Secret Food Products, the Marks (or any variation thereof), the System and/or the loss of association with or identification of Nekter Franchise, Inc. as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition, and other combination of business activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that we have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as for NĒKTØR JUICE BAR® Stores operating under the Marks, or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Store).

16.2 Transfer by You.

16.2.1 Definition of Transfer. For purposes of this Agreement, “**Transfer**” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the franchise license, the Store, substantially all the assets of the Store, or in the ownership of the franchisee Entity (if you are an Entity). “**Transfer**” as a noun means any sale, assignment, gift, transfer, pledge, mortgage, or encumbrance.

16.2.2 No Transfer without Our Consent. This Agreement and the rights and license granted hereunder (“**License**”) are private and personal to you. We have granted the License in reliance on your (and, if you are an Entity, your Owners') business skills, financial capacity, and personal character. So, neither you nor any Owner may make any Transfer or permit any Transfer to occur without obtaining our prior written consent. If you or any of your Owners want to make a Transfer, you must promptly provide us with written notice. Any alleged Transfer, without our prior written consent, will be null and void and will create an event of default. If this occurs, we may terminate this Agreement without an opportunity to cure the default. We have the right to communicate with you, your counsel, and the proposed transferee on any part of a proposed Transfer. You agree to provide any information and documentation about the proposed Transfer that we reasonably require. Our consent to a Transfer does not abandon any claims that we have against the transferor. Our consent does not waive our right to demand strict compliance with the Agreement.

16.2.3 Transfer of Entire or Controlling Interest in Store. This Section 16.2.3 applies to all other Transfers not described in Sections 16.2.4 and 16.2.5 below, including Transfers which include the sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Store (which must be in connection with the transfer of this Agreement), and the sale of a Controlling Interest in you if you are an Entity. For the purpose of determining whether you are transferring and/or selling a Controlling Interest or a Non-Controlling Interest, “**Control**” means the ability to direct the business decisions of a business entity or to exercise the voting rights of fifty percent (50%) or more of the voting shares or interest of a business entity, or ownership of fifty percent (50%) or more of the shares or interest of a business entity, or the ability to appoint half or a majority of the directors (or equivalent officers) of a business entity. We will not unreasonably withhold our consent to a Transfer under this Section 16.2.3, but may condition our consent on satisfaction of any or all of the following:

(a) You must satisfy all of your accumulated monetary obligations to us, our Affiliates, and your third party suppliers.

(b) You and your Owners must be in compliance with all obligations to us under this Agreement and any other agreement that you have with us and our affiliates by the date of the request for our approval of the Transfer. If you are not in compliance by this date, then you must make arrangements acceptable to us to be in compliance by the date of the Transfer.

(c) You and your Owners must execute a general release, in a form that we select. This form will relieve us, and our parents, Affiliates, and subsidiaries (if any) and each of our and their respective past, present, and future officers, directors, managers, members, equity holders, agents, and employees, from all claims, demands, damages, and liabilities including without limitation claims arising under federal, state, and local laws, rules, and regulations.

(d) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Franchised Business that occur before the effective date of the Transfer. You must execute any and all documents that we reasonably request to prove such liability.

(e) You and all your Owners agree to act as if this Agreement has expired or been terminated on the effective date of the Transfer and, as such, abide by all post-termination obligations under this Agreement as well as those provisions which survive expiration or termination, including, without limitation, Sections 7.3, 8.1, 8.2, 10.8, 13.4, and Articles 15, 17, 20, and 22.

(f) You must pay us a transfer fee in the amount stated in the Summary Pages (the “**Transfer Fee**”).

(g) Your proposed transferee (or, if the transferee is not an individual, then each Owner) must show that he or she meets our qualifications to become a NÉKTØR JUICE BAR® franchisee. If the transferee is already a NÉKTØR JUICE BAR® franchisee, he or she must not be in default under any agreements with us, must have a good record of customer service and compliance, and must meet our then-current requirements for a new NÉKTØR JUICE BAR® franchisee. In addition, your proposed transferee's proposed Designated Principal must be reasonably satisfactory to us.

(h) Your proposed transferee executes our then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different marketing obligations. The term of such agreement will be the remaining term of this Agreement at the time of transfer.

(i) If your proposed transferee is a business Entity, then each of the transferee's Owners must sign our standard form of Guarantee. If any person required to sign a Guarantee is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guarantee; it being the intent of the parties that each entity in the chain of ownership, and each natural

person holding a beneficial interest in the franchise, either directly or indirectly through business entities, execute the Guarantee.

(j) Your proposed transferee and their representatives and otherwise required personnel must successfully complete our then-current training requirements at their expense.

(k) The sale must include all material assets used in the operation of your Store and you or your proposed transferee must upgrade the Store. This upgrade must be done at your or the proposed transferee's own expense and must follow our then-current standards and specifications for new NÉKTØR JUICE BAR® Stores.

(l) Your proposed transferee must covenant that it will continue to operate under the Marks and using the System.

(m) You must have requested consent in writing and delivered to us a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and we have determined, in our sole discretion, that the terms of the sale will not materially and adversely affect the post-transfer viability of the Store.

(n) If we introduced the buyer to you, you have paid all fees due to us under our then-current franchise resale policy or program.

You acknowledge that we have legitimate reasons for evaluating the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you and that our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding your operation of the Store, and to withhold consent to economically questionable transactions. You waive any claim that actions we have taken in good faith to protect our business interests in connection with a proposed transfer constitutes tortious interference with contractual or business relationships. Similarly, we may review all information regarding the Store that you give the proposed transferee, correct any information we believe is inaccurate, and give the proposed transferee copies of any reports you have given to us or that we have made regarding the Store.

16.2.4 Transfer of Non-Controlling Interest. You must give us an advance notice and submit a copy of all proposed contracts and other information for any proposal to admit a new Owner, remove an existing Owner, or change the distribution of ownership shown on Attachment C, such that no Controlling Interest is transferred. We have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer. You and your new Owners must satisfy the conditions in Sections 16.2.3(a), (b), (c), (d), (e), (f), (g) and (i), under which all new Owners will be required to execute our standard form of Guarantee, and pay us the applicable Transfer Fee as set forth in the Summary Pages. We may withhold our consent on any reasonable grounds or give our consent subject to any reasonable conditions. You acknowledge that any new Owner must submit a personal application and any information we require of prospective franchise Owners.

16.2.5 Transfer to an Entity for Convenience. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: **(a)** the Entity has and will have no other business besides operating the Store; **(b)** you provide to us a copy of the Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Entity was formed; **(c)** you satisfy the conditions in Sections 16.2.3 (c), (f), and (i); **(d)** the Owners hold equity interests in the new Entity in the same proportion shown on Attachment C; and **(e)** you pay to us the applicable Transfer Fee as set forth in the Summary Pages.

16.2.6 Transfer Upon Death Or Incapacity. If you or any Owner dies or becomes incapacitated, that person's executor, administrator, personal representative, or trustee must apply to us in writing within

three months after the event (death or declaration of incapacity) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Article 16, as applicable. In addition, if the deceased or incapacitated person is you or the Designated Principal, we will have the right (but not the obligation) to take over operation of the Store until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this Section 16.2.6, "**incapacity**" means any physical or mental illness that will prevent the person from performing his or her obligations under this Agreement **(a)** for a period of 30 or more consecutive days or **(b)** for 60 or more total days during a calendar year. In the case of Transfer by inheritance, if the heirs or beneficiaries are unable to meet the conditions of Section 16.2.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not transferred under this Section within 120 days after the date of death or appointment of a personal representative or trustee, we may exercise our option to purchase the Store pursuant to Section 15.10 or terminate this Agreement under Section 14.1.

16.2.7 Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Store and may not entitle or permit the secured party to take possession of or operate the Store or to transfer your interest in the franchise without our consent.

16.2.8 Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or a bona fide offer to purchase all or substantially all of the assets of the Store in connection with the buyer's acquisition of a franchise for a NÉKTØR JUICE BAR® Store, or if any Owner receives a bona fide offer to purchase his or her equity interests in you (if you are a business Entity), and you or such Owner wishes to accept such offer, you or the Owner must deliver to us written notification of the offer and, except as otherwise provided herein, we will have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. The written notification must include a copy of the bona fide offer, signed by the seller, whose identity must be disclosed to us. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. If we elect to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of our election to purchase. Our failure to exercise the option described in this Section shall not constitute a waiver of any of the transfer conditions set forth in this Article 16.

This Section 16.2.8 grants to us a right to purchase the seller's interest in the above-described assets regardless of whether the bona fide offer includes an offer to purchase other assets of the seller. If the offer includes an offer to purchase other assets, the proposed purchaser must specify the amount of the offer price allocated to the above-described assets. In such events, we may exercise our right of first refusal with respect to the above-described assets only. If the offer includes an offer to purchase interests in multiple franchise agreements, multiple NÉKTØR JUICE BAR® Stores, and/or area development rights, the proposed purchaser must specify the amount of the offer price allocated to each agreement or Store, as applicable. In such event, we may exercise its right of first refusal with respect to all or any part of the offer.

The right of first refusal process described in the preceding paragraph will not be triggered by a proposed transfer that would not be allowed under this Section 16. As noted in this Agreement's transfer section, there may be no transfer of the Store unless it will continue to be operated as a NÉKTØR JUICE BAR® Store under a franchise agreement. You may not sell the assets of the Store to anyone who will use those assets to operate anything other than a NÉKTØR JUICE BAR® Store. We may require you

(or your Owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 16.2.8.

17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

17.1 Independent Contractor. This Agreement does not constitute you as an agent, legal representative, joint venturer, partner, employee or servant of ours for any purpose whatsoever. You may not represent to third parties that you are an agent of ours and it is understood between you and us that you will be an independent contractor and are in no way authorized to make any contract, agreement, warranty or representation on our behalf, or to create any obligation, express or implied, on our behalf. We do not participate in the hiring, disciplining, or discharging of your employees or in setting and paying wages and benefits to your employees, and you acknowledge that we have no power, responsibility, or liability with respect to the hiring, disciplining, or discharging of employees or in setting or paying their wages. You will prominently display, by posting of a sign within public view, on or in the Premises, a statement that clearly indicates that the Store is independently owned and operated by you as a NÉKTØR JUICE BAR® franchise. You further agree not to conduct yourself in any manner so as to confuse, mislead or deceive anyone as to your relationship with us. We will not be liable to you in any way for any losses sustained by you in the operation of the Store, it being understood and agreed that you are an independent contractor entitled to retain all profits derived from its operations of the Store after payment of all sums due to us and others.

17.2 Indemnification. You agree to hold harmless, defend, and indemnify us, our parent companies, affiliates, and subsidiaries, and each of our and their respective past, present, and future officers, directors, shareholders, managers, members, owners, partners, agents, attorneys, consultants, management companies, and employees (collectively, “**Indemnitees**”) to the fullest extent permitted by law from any and all “**losses and expenses**” (as hereinafter defined) resulting directly or indirectly from, as a result of, or in connection with **(a)** injury of any kind (including monetary, mental, or physical—including death) to any person (including your employees) or damages to any property of whatsoever kind and nature arising out of or in any manner connected with the Store; **(b)** the Store and your operation thereof, including, but in no way limited to, losses and expenses arising as a result of product liability or the maintenance and operation of related vehicles; **(c)** any of your employees’, contractors’, agents’, or representatives’ acts, omissions, and claims; or **(d)** your activities under or any breach of this Agreement, where the foregoing include, without limitation, those losses and expenses alleged to be caused in whole or in part by any act, omission, negligence, or strict liability of the Indemnitees. It is expressly understood and agreed that the indemnity contained in this Section covers claims by your employees and that you expressly waive any defense to this indemnification obligation which may arise under the workers’ compensation laws of any State. We have some rights concerning any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect us or any of the other indemnitees. For the purpose of this Section, the term “**losses and expenses**” will be deemed to include damages (including compensatory, exemplary, and punitive damages); demands; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances will we be required or obligated to seek recovery from third parties or otherwise mitigate our losses in order to maintain a claim under this provision, and our failure to seek such recovery or mitigate our loss will in no way reduce the amounts of recovery by us under this provision.

You must notify us immediately of any event you are aware for which indemnification is required. Under this Section, we will have the right, but not the obligation, to: **(a)** choose counsel; **(b)** direct and control the handling of the matter; and **(c)** settle any claim against the Indemnitees. Our assumption by us will not modify your indemnification obligation. We may, in our sole and absolute discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any event resulting in losses and expenses under this Section or take other remedial or corrective actions with respect thereof as may be, in our sole and absolute discretion, necessary for the protection of the Indemnitees or the System.

This Section will survive the expiration or termination of this Agreement and applies to all losses and expenses even if they exceed the limits of your insurance coverage.

18. NON-WAIVER

Our failure to exercise any power reserved to us hereunder, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Waiver by us of any particular default by you will not be binding unless in writing and executed by us and will not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor will any delay, waiver, forbearance, or omission by us to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement affect or impair our rights nor will such constitute a waiver by us of any right hereunder or of the right to declare any subsequent breach or default. Our waiver of a default by another franchisee does not affect our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

19. GUARANTY

If you are an Entity, each of your Owners must execute the attached "Personal Guaranty and Undertaking" (the "**Guaranty**"). By executing the Guaranty, each Owner will be individually bound by the provisions stated in this Agreement. A violation of any provision in this Agreement by any Owner will constitute a violation of your obligations under this Agreement. The individuals executing this Agreement under the Guaranty represent that they are your sole Owners. The term "**Owner**" in this Agreement includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of a trust. If any Owner required to sign a Guaranty is a business entity, then each of owner and parent in such Owner's chain of ownership will execute the Guaranty; it being the intent of the parties that each entity and natural person holding a beneficial interest in the franchise, either directly or indirectly through one or more business entities, be considered an "Owner" under this Agreement.

20. DISPUTE RESOLUTION

20.1 Mediation.

(a) The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, Franchisee, and each Owner agree to submit any claim, controversy or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between Franchisor and you, **(b)** Franchisor's relationship with you, or **(c)** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

(b) The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city where Franchisor maintains its principal business offices. The costs and expenses of mediation,

including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

(c) If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring such claim, controversy or dispute in accordance with the Agreement. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

(d) Notwithstanding the foregoing provisions of this Section, the parties' agreement to mediate shall not apply to any controversy, dispute or claim related to or based on amounts owed to Franchisor pursuant to this Agreement or for temporary or preliminary injunctive or other extraordinary relief sought ("Excepted Claims"). Either party may bring any Excepted Claims in any court of competent jurisdiction and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

20.2 Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be governed, interpreted, and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Store is located outside of California and such provision would be enforceable under the laws of the state in which the franchised outlet is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject.

20.3 Jurisdiction and Venue. Subject to this Section and Section 20.1 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion solely and exclusively in the state court of general jurisdiction closest to the county in which the Franchisor's principal place of business is located at the time of such action. Franchisee acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 20.1. Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

20.4 Mutual Waiver of Jury Trial. **THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

20.5 Waiver of Punitive Damages. WITH THE EXCEPTION OF OUR RIGHT TO SEEK INDEMNIFICATION FOR THIRD PARTY CLAIMS AS SET FORTH IN THIS AGREEMENT AND OUR RIGHT TO SEEK RECOVERY OF LOST FUTURE PROFITS, INCLUDING LIQUIDATED DAMAGES AS SET FORTH IN SECTION 15.7 ABOVE, IN THE EVENT OF YOUR BREACH OF THIS AGREEMENT, THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOSS OF REVENUES, LOSS OF PROFITS, LOSS OF TIME, INCONVENIENCE, LOSS OF USE, OR ANY OTHER INCIDENTAL, SPECIAL, INDIRECT, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL LOSS AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

20.6 Remedies Not Exclusive. Except as stated in Section 15.7 and Sections 20.4 and 20.5, or otherwise provided explicitly in this Agreement, no right or remedy that the parties have under this Agreement is limited to, any other right or remedy under this Agreement or under applicable law. Every remedy will be in addition to, and not limited to every other remedy available at law or in equity or by statute or otherwise.

20.7 **Our Right to Injunctive Relief.** Nothing in this Agreement stops our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement.

20.8 **Attorneys' Fees and Costs.** If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party will be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit or proceeding.

21. MISCELLANEOUS

21.1 **Entire Agreement.** Except for the representations included in our Franchise Disclosure Document ("FDD") this Agreement and the documents referred to in it represent the entire agreement between you and us with respect to the Store. This Agreement overrides all prior discussions, understandings, representations, and agreements concerning the Franchised Business; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us. This Agreement includes the terms and conditions on the Summary Pages, and **Attachments A, B, and C** which are incorporated in this Agreement by this reference.

21.2 **Amendments and Modifications.** This Agreement may only be amended or modified by a written document signed by each party.

21.4 **Importance of Timely Performance.** Time is of the essence in this Agreement.

21.5 **Headings.** The headings in this Agreement are for convenience only. They are not a part of this Agreement and will not affect the meaning or construction of any of its provisions.

21.6 **Recitals.** The Recitals shall be included in and form a part of this Agreement.

21.7 **Severability.** Each provision of this Agreement is severable from the others. If any provisions of this Agreement or any of the documents executed in union with this Agreement are determined by a court to be invalid, illegal, or unenforceable, the invalidity will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

21.8 **Applicable State Law Controlling.** If the termination, renewal, or other provisions stated in this Agreement are inconsistent with any applicable state statute, the statute will apply, but only to the inconsistency.

21.9 **Survival.** Each provision of this Agreement that clearly specifies or implies that it is to be performed after the expiration, termination, or Transfer of this Agreement will survive an expiration, termination, or Transfer. This includes, but is not limited to Sections 7.3, 8.1, 8.2, 10.8, 13.4, and Articles 15, 17, 20, and 22.

21.10 **Consent.** Whenever our prior written approval or consent is required under this Agreement, you must agree to make a timely written request to us for the consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

21.11 **No Reliance.** We make no warranties or guarantees upon which you may rely and we assume no liability or obligation to you or any third party to which we would not otherwise be subject by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.12 **Notices.** All notices and other communications required or permitted under this Agreement will be in writing and will be delivered: **(a)** personally; **(b)** by certified or registered mail, postage prepaid; **(c)** by overnight delivery service; or **(d)** by facsimile (if the sender receives machine confirmation of successful

transmission). Notices to you will be sent to the address stated on Summary Pages. Notices to us must also be sent to the address identified on the Summary Pages with a copy to our counsel.

Either party can change its mailing address or facsimile number by giving notice to the other party. Notices will be considered to be received on the same day when they are delivered personally. They will be considered to be received on an attempted delivery when sent by registered, certified, or overnight delivery service. They will be considered to be received on the next business day when sent by facsimile.

21.13 Execution in Counterparts. This Agreement may be completed in two or more counterparts. Each counterpart will be considered an original, and all of them combined will form one complete agreement.

21.14 Successors and Assigns. Except as otherwise clearly stated, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

21.15 No Third Party Beneficiaries. Except as otherwise clearly stated in this Agreement, no third party shall have the right to claim any of the benefits conferred under this Agreement.

21.16 Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms in the Summary Pages or Attachments B and C. To the extent that any provisions on the Summary Pages or Attachments B and C are in direct conflict with the provisions of this Agreement, the provisions in the Summary Pages and Attachments B and C shall control.

21.17 Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

21.18 Force Majeure. Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

21.19 Caveat. The success of the business venture contemplated to be undertaken by you by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of you and your Owners as an independent businessperson and your active participation in the daily affairs of the business as well as other factors. We make no representations or warranties, express or implied, as to the potential success of the business venture contemplated hereby.

22. YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

You and the Owners represent, warrant, and acknowledge as follows:

22.1 Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

22.2 Due Authority. This Agreement has been duly authorized and executed by you or on your behalf is a valid and binding obligation of you, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

22.2 Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("**Order**"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: **(a)** do not, and hereafter will not, engage in any terrorist activity; **(b)** are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and **(c)** are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

22.3 Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability. You have been accorded ample time to consult with your own attorney and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

22.4 Timely Receipt of Agreement and Franchise Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or pay any consideration to us. You have also received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or pay any consideration to us. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents.

22.5 Electronic Signature. This Agreement, including all Attachments, may be signed with full force and effect using electronic signatures. By signing via your electronic signature you consent to the legally binding terms and conditions of this Agreement and represent that you are the authorized signatory indicated in each signature block.

IN WITNESS WHEREOF, the parties below have caused this Agreement to be executed as of date beneath each signature block below to be effective as of the Effective Date first above written.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

FRANCHISEE

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 – 705/44 (1994) (the “**Illinois Franchise Act**”), Nekter Franchise, Inc., a California corporation (“**Franchisor**”) and _____ (“**Franchisee**”), hereby amend the Franchise Agreement between them dated _____ (the “**Agreement**”) as follows:

1. The following provision hereby supplements Section 10.5:

For purposes of satisfying Section 5(2) of the Illinois Franchise Act, Franchisee further acknowledges that it has received the disclosure document required by the act at least fourteen (14) days prior to the date on which this Agreement was executed.

2. Section 705/19 and 705/20 of the Illinois Franchise Act provides rights to franchisees concerning nonrenewal and termination of a franchise. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.

3. Section 41 of the Illinois Franchise Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control. Any provision that designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.

4. To the extent that Section 20.2 of the Agreement (pertaining to choice of law) conflicts with Illinois law, Illinois law will control.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

6. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR
NEKTER FRANCHSIE, INC.
a California corporation

FRANCHISEE

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

This Amendment to Franchise Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**” or “**us**”), and _____ (“**Franchisee**” or “**you**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent Maryland Franchise Registration and Disclosure Law, with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 20.1 of the Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”

6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

7. This Agreement provides that disputes are resolved through arbitration. The Maryland Franchise Registration and Disclosure Law states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

8. As a condition to becoming registered to offer and sell franchises in the State of Maryland, we have agreed to post a post a surety bond to guarantee that we will fulfill our material pre-opening obligations to you. The surety bond is on file with the Maryland Securities Division.

9. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

10. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHSIE, INC.

a California corporation

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

NEKTER FRANCHISE, INC.

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment to Franchise Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**” and “**us**”), and _____ (“**Franchisee**” and “**you**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the “**Act**”), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.

2. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Agreement.

3. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Act.

4. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
NEKTER FRANCHISE, INC.
a California corporation

FRANCHISEE

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

NEW YORK AMENDMENT TO FRANCHISE AGREEMENT

This Amendment to Franchise Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”), and _____ (“**Franchisee**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. **Releases.** The following language is added to the end of Section 2.2.(i) and Section 16.2.3 of the Agreement:
“, provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.”
2. **Termination by Franchisee.** The following language is added to Section 14:
“You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”
3. **Assignment.** The following language is added to the end of Section 16.2.2. of the Agreement:
“However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume Franchisor’s obligations under this Agreement.”
4. **Modification of the System.** The following language is added to the end of Sections 7.2. of the Agreement:
“Modifications to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under this Agreement.”
5. **Applicable Law.** The following language is added to the end of Section 20.3 of the Agreement:
“However, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.”
6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHISE, INC.

a California corporation

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

NEKTER FRANCHISE, INC.

NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment to Franchise Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**” or “**us**”), and _____ (“**Franchisee**” or “**you**”). Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. **Releases.** The following language is added to the end of Section 2.2 of the Franchise Agreement entitled Successor Terms and Sections 16.2.3, 16.2.4, and 16.2.5 of the Franchise Agreement regarding Transfers:

“Notwithstanding the foregoing, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.”

2. **Covenants Not to Compete.** The following language is added to the end of Section 13.4 of the Franchise Agreement:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

3. **Governing Law.** Section 20.2 of the Franchise Agreement is supplemented with the following language:

“To the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.”

4. **Mediation.** Section 20.3 of the Franchise Agreement is supplemented with the following language:

“To the extent required by North Dakota Franchise Investment Law, Franchisee may bring an action in North Dakota. The parties do hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision.”

5. **Waiver of Jury Trial.** The Commissioner has determined waiver of trial by jury and waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce these provisions to the extent the law allows.

6. **Conflicting Terms.** In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

7. **Miscellaneous.** Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHSIE, INC.

a California corporation

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

NEKTER FRANCHISE, INC.

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment to Franchise Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”) and _____ (“**Franchisee**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Agreement does not constitute “reasonable cause”, as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.
2. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

FRANCHISEE

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT is made this ___ day of _____, 20___ by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”), and _____, a(n) _____ (“**Franchisee**”).

Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ that has been signed concurrently with the signing of this Amendment (the “**Franchise Agreement**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. The State of Washington has a statute, RCW 19.100.180 (the “**Act**”) that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.

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

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

5. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of state laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

6. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

FRANCHISEE

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

“Account” means your commercial bank operating account.

“Affiliate” means any person or entity that is controlled by, controlling, or under common control with such named person or entity.

“Agreement” means the Franchise Agreement.

“Business Day” means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

“Confidential Information” means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Franchisor’s standards and specifications for all services and products offered at NÉKTØR JUICE BAR® Stores; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

“Control Date” means the date specified in Attachment B-1 which is the date you must acquire a site accepted by Franchisor for the development of the NÉKTØR JUICE BAR® Store.

“Copyrighted Works” means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor’s product packaging, and advertising and promotional materials, and the content and design of Franchisor’s Website and advertising and promotional materials.

“Crisis Management Event” means any event that occurs at or about the NÉKTØR JUICE BAR® Store premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

“Designated Principal” means the Owner appointed as the primary overseer of the operation of the franchised business and who holds a minimum 10% ownership interest in the franchisee. The Designated Principal may also be the General Manager.

“Entity” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“Force Majeure” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

“Gross Sales” means the total gross amount of all revenues, excluding only (1) sales tax or other receipts you collect and remit to the proper taxing authorities and (2) authorized coupon or other promotional discounts you provide to your customers. Included in the definition is revenue from whatever source derived

(whether in the form of cash, credit, agreements to pay, or other consideration (such as bartering), and whether or not payment is received at the time of sale or any of those amounts prove uncollectible. Also included is revenue that in any manner at all arises from or is derived by you or by any other business conducted or which originate in, on, from or through the Store or Franchise Location. This includes revenue you derive through the Store, from the sale of products associated with the Store, and revenue derived from your use of the Marks, whether or not you conduct those operations in compliance with or in violation of this Agreement.

“General Manager” means an individual who Franchisee has designated, and Franchisor has approved, who has full control over the day-to-day management and operations of the Store, who has completed Franchisor’s initial training program and all additional training (including continuing education requirements for certified or licensed General Managers) that Franchisor requires, to Franchisor’s satisfaction, and who devotes his or her full time best efforts to Store management and operations.

“Manual” means the compilation of information and knowledge that is necessary and material to the System. The term Manual, as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Franchisor from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a NÉKTØR JUICE BAR® Store.

“Marks” means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “NÉKTØR JUICE BAR” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by us in writing for use in connection with the System.

“Owner” means each direct and indirect individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

“System” means a distinctive system relating to the establishment and operation of outlets which offer healthy, green juice blends, raw nut milk smoothies, and healthy, raw, gluten-free, vegan snacks, including acai bowls under the trade name and trademark NÉKTØR JUICE BAR®.

“Trade Dress” means the distinguishing characteristics of the System, including distinguishing characteristics of the Store such as signage, color schemes, furniture, fixtures, and other identification schemes, as well as distinguishing characteristics of the Trade Secret Food Products and their related packaging.

“You” means the franchisee identified above and its successors and assigns.

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT B-1

SITE SELECTION AREA, CONTROL DATE,

Section 3.1 The Control Date is: _____

Section 3.2 The Site Selection Area is the non-exclusive geographic area described as: _____

IN WITNESS WHEREOF, the parties have executed this Attachment B on this ____ day of _____, 20__.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT B-2

**FRANCHISED LOCATION, OPENING DATE AND
THE DESIGNATED AREA**

As of the date set forth below, the Franchised Location has been determined and, as such, Attachment B-1 (if completed and executed prior to the completion and execution of this Attachment B-2) is supplemented as follows:

Section 3.1 The Franchised Location is at: _____

Section 3.2 The Opening Date is: _____

Section 1.2 The Designated Area is: _____

but excludes all Closed Markets within such area. A "**Closed Market**" is any facility serving a captive market, including hotels, resorts, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which smoothie and juice bar services and product rights are, or may reasonably be anticipated to be, contracted to a third party or parties.

If the Designated Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Designated Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

IN WITNESS WHEREOF, the parties have supplemented this Attachment B on this ____ day of _____, 20____.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT C

ENTITY INFORMATION

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____, 20____.

(1) Franchisee is a _____, formed under the laws of the State of _____.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____

(5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is: _____.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT D-1

PERSONAL GUARANTY AND UNDERTAKING

1. I have read the Franchise Agreement between Nekter Franchise, Inc. (“**Franchisor**”) and _____ (the “**Franchisee**”) to which this Personal Guaranty and Undertaking is attached.
2. I own a beneficial interest in the Franchisee, and would be considered an “**Owner**” within the definition contained in the Franchise Agreement.
3. I understand that, were it not for this Personal Guaranty and Undertaking (the “**Guaranty**”), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.
4. In consideration for, and as an inducement to, the execution of the Franchise Agreement by Franchisor, I personally and unconditionally **(1)** guarantee to Franchisor, and its successors and assigns, for the term of the Agreement (including holdovers, extensions, and renewals) and thereafter as provided in the Agreement, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement (including any amendments or modifications of the Agreement); and **(2)** shall be personally bound by, and personally liable for the breach of each and every provision in the Franchise Agreement (including any amendments or modifications of the Franchise Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the non-competition, confidentiality, and transfer requirements.
5. I personally waive: **(1)** acceptance and notice of acceptance by Franchisor of the foregoing undertakings; **(2)** notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; **(3)** protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; **(4)** any right I may have to require that an action be brought against Franchisee or any other person as a condition of liability; **(5)** all rights to payments and claims for reimbursement or subrogation which any I may have against Franchisee arising as a result of my execution of and performance under this Guaranty; and **(6)** any and all other notices and legal or equitable defenses to which I may be entitled.
6. I consent and agree that: **(1)** my direct and immediate liability under this guaranty shall be joint and several, both with Franchisee and among other guarantors; **(2)** I will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; **(3)** such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and **(4)** such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other guarantors), none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement (including holdovers, extensions, and renewals), for so long as any performance is or might be owed under the Franchise Agreement by Franchisee or its owners, and for so long as Franchisor has any cause of action against Franchisee or its owners; and **(5)** this guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Franchise Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.
7. I agree that the provisions contained in Article 20 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys’ fees and costs.

8. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

9. I hereby waive **(a)** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and **(b)** California Civil Code Sections 2899 and 3433.

10. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

11. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

12. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by a recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Personal Guaranty and Undertaking on the date set forth below:

GUARANTOR(S)

Dated: _____

Name: _____

Address: _____

Fax: _____

Dated: _____

Name: _____

Address: _____

Fax: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT D-2

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of Franchisee)**

In accordance with the terms of this Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) and in consideration of my being a _____ of _____ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the “**Franchisee**”), has acquired the right and franchise from Nekter Franchise, Inc. (“**Franchisor**”) to establish and operate a Franchised Business (the “**Franchised Business**”) and the right to use in the operation of the Franchised Business Franchisor’s trade names, trademarks, service marks, including the NÉKTØR JUICE BAR® mark (the “**Marks**”) and the system developed by Franchisor and/or its affiliates for operation and management of Franchised Businesses (the “**System**”), as they may be changed, improved, and further developed from time to time in Franchisor’s sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, trade secrets, and copyrighted materials, methods, and other techniques and know-how (the “**Confidential Information**”).

3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.

4. As _____ of the Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor’s operations manual (the “**Manual**”) and other general assistance during the term of this Confidentiality Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for a one year period thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business that offers, as a primarily offering, fresh or bottled juices, smoothies, cleanses, or other fruit and/or vegetable-based beverage items within a 10-mile radius of any NÉKTØR JUICE BAR® Store, as that term is defined in the

Franchise Agreement. This restriction does not apply to my ownership of less than 5% beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State in which Franchisee maintains its principal place of business. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in Orange County, California, and the United States District Court for the Central District of California. I acknowledge that this Confidentiality Agreement has been entered into in the state of California, and that I am to receive valuable information emanating from Franchisor's headquarters in Santa Ana, California. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of California as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]

ACKNOWLEDGED BY FRANCHISEE

Signature: _____
Name: _____
Address: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT

ATTACHMENT E

ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity _____
NEKTØR JUICE BAR® Store Number & Location _____

Name and Email of Person to Receive ACH Debit Advice _____

Authorization Agreement

I (we) hereby authorize Nekter Franchise, Inc. ("Company") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Payor/Franchisee Account Information

Name of Financial Institution: _____

ABA Routing Number: _____

Account Number: _____
Checking ☐ Savings ☐

Payor/Franchisee Signature

Authorized Signature (Primary): _____ Date: _____

Authorized Signature (Joint): _____ Date: _____

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, fax and mail to:

Nekter Franchise, Inc., Attn: President

ATTACH CHECK HERE

1833 E. Carnegie Avenue

Santa Ana, California 1-800-385-1650

Fax: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT F

LEASE RIDER

This Franchisor Lease Rider (the “Rider”) is made and entered into this ____ day of _____, 20__ by and between _____, hereinafter referred to as “Landlord” and _____, hereinafter referred to as “Tenant,” and modifies that certain lease (the “Lease”) of even date herewith.

WHEREAS, Landlord and Tenant are parties to the Lease concerning real estate commonly described as _____ as more fully described in the Lease (the “Premises”); and

WHEREAS, Tenant has the right to operate a NEKTER JUICE BAR store (“Store”) pursuant only to the terms and conditions of the Franchise Agreement between Tenant and Nekter Franchise, Inc. (“Franchisor”) dated _____ (together with an successor franchise agreement, the “Franchise Agreement”).

Now, therefore, in consideration of the mutual promises hereinafter contained, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Landlord agrees that Franchisor, its affiliates, or a franchisee of the Nekter Juice Bar® system selected by the Franchisor (each, a “Franchisee”), have the right to receive an assignment of the Lease from Tenant, or in the event of an Access Event or the termination or expiration of the Franchise Agreement to unilaterally assume the Lease, with all the same terms and conditions (including rental rates, terms, and remaining options as to the term of the Lease) without the consent of the Landlord. Upon request, Landlord agrees to promptly execute an acknowledgement of such assignment of the Lease, otherwise, Franchisor will promptly provide Landlord with a fully-executed copy of such assignment.
2. Under the terms of the Franchise Agreement, Tenant is prohibited from granting any third parties, including Landlord, any security interest that would entitle or permit the secured party to take possession of the assets of the Store or operate the Store, and any contradicting term in the Lease will be subordinate to and preempted by any conflicting terms in the Franchise Agreement.
3. Landlord shall provide Franchisor, Franchisee, and their respective designees, full access to the Premises upon expiration or earlier termination of the Lease, or Tenant’s loss of possession of the Premises (collectively, an “Access Event”), or expiration or earlier termination of the Franchise Agreement (or any successor franchise agreement), for a period of not less than fifteen (15) days, which period, in the case of an Access Event, shall not begin until the receipt of written notice by Franchisor from the Landlord, to de-identify and remove from the Premises and its exterior any property that includes Franchisor’s trademarks, copyrighted works, or trade dress, proprietary software, equipment, design elements, signage, and any and all furniture and fixtures (collectively, “Property”) installed by the Tenant or installed in connection with the Store or Lease, including but not limited to floor or wall tile considered by Franchisor as a part of its trade dress. In connection with any de-identification, Franchisor or Franchisee shall have the right, but not the obligation, to remove any brand elements or markings by repainting. Landlord acknowledges that Franchisor has a prior right, title, and interest in and to any Property, notwithstanding any agreement between the Landlord and any lender of the Landlord with respect thereto.
4. Landlord agrees to provide any notice of default of Tenant to Franchisor simultaneously with the delivery thereof to Tenant. Additionally, Landlord will provide prompt written notice to Franchisor of an Access Event. Any such notice shall be delivered to Franchisor in writing by a nationally recognized overnight courier. Landlord and Tenant hereby acknowledge and agree that Franchisor has the right, but is under no obligation, to cure any Tenant default under the Lease, if Tenant should fail to do so, within the later of fifteen (15) days after the expiration of the period given to Tenant under the Lease or fifteen (15) days after the date Franchisor receives a copy of the related notice of default. All such notices shall be sent

to: Nekter Juice Bar, Inc. (f/b/o Franchisor), Attn: Real Estate Department, 1844 Carnegie Ave, Santa Ana, CA 92705.

5. Landlord approves of Tenant's installation of, and grants Tenant the right to display, the signage package required by Franchisor including window clings, awnings, and any substantially similar variances to such signage package, subject only to the provisions of local ordinances.

6. Landlord hereby agrees that it shall not enter into any amendment, supplement, or modification of the Lease (each an "Amendment") which impacts Franchisor's rights under this Rider in any respect, without prior written consent of the Franchisor. Additionally, Landlord agrees to provide prompt written notice to Franchisor of any Amendment in accordance with section 3 above.

7. Each of the parties hereto acknowledge and agree that Franchisor is intended to be a third-party beneficiary to this Rider and shall be entitled to rely on and directly enforce the provisions of this Rider. The benefits of this Agreement inure to the benefit of Franchisor and to its successor and assigns.

This Rider amends the lease between the parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged. Landlord acknowledges and agrees that in the event of any conflict between the terms of this Rider and the terms of the Lease, the terms of this Rider shall govern and control.

Landlord:

By: _____

Name: _____

Its: _____

Tenant:

By: _____

Name: _____

Its: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT G

TELEPHONE NUMBER ASSIGNMENT AGREEMENT

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made as this ____ day of _____, 20____, (“**Assignment**”) by and between _____ (hereinafter the “**Assignor**”) and Nekter Franchise, Inc. (hereinafter the “**Assignee**”).

WITNESSETH:

WHEREAS, the Assignee has developed and owns the proprietary system (“**System**”) for the operation of smoothie and juice bar that offers fruit and vegetable smoothies, juices, specialty drinks, acai bowls and cleanses under the trademark and logo NÉKTØR JUICE BAR (the “**Franchised Business**”);

WHEREAS, the Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, 20____, in accordance with the System (“**Franchise Agreement**”);

WHEREAS, in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

WHEREAS, as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of the expiration or termination of the Franchise Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement expires or is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

(a) As of the effective date of the Assignment, all of the Assignor’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

(b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements (individually and collectively referred to as “**Listings**”), and the Assignor has obtained all necessary consents to this Assignment.

(f) Notwithstanding the foregoing, Assignor hereby warrants and represents to Assignee that Assignor will within one (1) business day following Assignor’s receipt of Assignee’s request to acquire the Listings to immediately instruct each of Assignor’s providers to initiate the process and provide the vendors’ documents necessary to complete the assignment. Assignee further warrants and represents that Assignee will take no action to impede or prohibit the successful assignment of the Listings to Assignor, and that Assignor shall fully cooperate with Assignee with regard to the assignment; specifically in the execution of any documentation required by Assignor’s provider(s) to effectuate the assignment of the telephone numbers and Listings.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of California. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the day and year first written above.

ASSIGNEE:

NEKTER FRANCHISE, INC.

By: _____

Name: _____

Title: _____

ASSIGNOR:

By: _____

Name: _____

Title: _____

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT H

TRAINING LIABILITY WAIVER

I am an/the owner of _____ (“**Franchisee Company**”). Franchisee Company has signed a franchise agreement with Nekter Franchise, Inc. In consideration for the training to be provided to my employees, any other trainees, and/or me by Nekter Franchise, Inc. and/or its affiliates (collectively, “**Nekter**”), I agree, both for myself and on behalf of Franchisee Company, to hold Nekter harmless from, and I hereby waive any and all liability of Nekter’s and its officers, directors, agents, employees, insurers, and franchisees for any injury, claim, damage, or incident which occurs in the course of training at any NÉKTØR JUICE BAR® store or other designated training facility(s), whether or not such facility is owned or controlled by Nekter, specifically including personal injury, property damage, and employment-related claims, and even if caused in whole or in part by the negligence of Nekter or any Nekter employee.

I understand that:

- Nekter has invited my employees, my other trainees, and me onto its premises for training solely by virtue of Franchisee Company’s franchise relationship with Nekter;
- Training may involve a variety of risks, including the risk of physical and/or emotional injury and property damage; and
- Nekter assumes no liability to me, Franchisee Company, or employees or other trainees of Franchisee Company for any harm or claims of harm incurred or allegedly while in training and/or on Nekter’s premises.

I acknowledge that my employees and any other trainees must look solely to Franchisee Company and its benefits programs and workers compensation insurance to cover the costs of any treatment for injuries or other losses or damages that my employees and trainees may sustain in training. Neither I nor Franchisee Company will attempt to hold Nekter liable or financially responsible for any such losses or damages. I acknowledge that the indemnification clause of Franchisee Company’s franchise agreement with Nekter will apply to any claim against Nekter by any of Franchisee Company’s (or its affiliates’) employees.

I certify that Franchisee Company has and will maintain minimum insurance coverage as required by the franchise agreement, including worker’s compensation and employees’ liability per statutory requirements. At Nekter’s request, I agree to provide a certificate of insurance completed by Franchisee Company’s insurance carrier, certifying that the required minimum insurance coverage is in effect.

I give my consent for Nekter to arrange for medical treatment for any illness or injury that I or my employees or other trainees might suffer while participating in the training program.

FRANCHISEE COMPANY:

By: _____

Name: _____

Title: _____

Date: _____

_____, Individually

**NEKTER FRANCHISE, INC.
FRANCHISE AGREEMENT**

ATTACHMENT I

FRANCHISEE QUESTIONNAIRE

STORE NO. _____

As you know, Nekter Franchise, Inc. and you are preparing to enter into a Franchise Agreement for the operation of one NÉKTÖR JUICE BAR® Store franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You must sign and date this Questionnaire the same day you sign the Franchise Agreement and pay your franchise fee. Please closely review each of the following questions and statements carefully and provide honest and complete responses to each.**

1. Have you received and personally read the NÉKTÖR JUICE BAR Franchise Disclosure Document (“FDD”)?
Yes _____ No _____
2. Did you give us a signed receipt for the copy of the FDD that we furnished to you?
Yes _____ No _____
3. Do you understand all of the information contained in the FDD?
Yes _____ No _____
4. Have you received and personally read the NÉKTÖR JUICE BAR Franchise Agreement?
Yes _____ No _____
5. Do you understand all of the terms of the Agreement?
Yes _____ No _____
6. Have any of our representatives recommended that you have the FDD and agreements reviewed by an attorney?
Yes _____ No _____
7.
 - A) Have you, in fact, discussed the FDD, the agreements, and the benefits and risks of operating a NÉKTÖR JUICE BAR franchise with an attorney?
Yes _____ No _____
If No, do you wish to have more time to do so?
Yes _____ No _____
 - B) Have you discussed the benefits and risks of operating a NÉKTÖR JUICE BAR Franchised Business with any other professional advisor?
Yes _____ No _____ If yes, name and profession of advisor:
 - C) Did you discuss the benefits and risks of operating a NÉKTÖR JUICE BAR Franchised Business with an existing NÉKTÖR JUICE BAR franchisee?
Yes _____ No _____

8. Other than the information presented in Item 19 of the FDD, have any of our employees or has any other person speaking on our behalf (this does not include franchisees whom you contact on your own) made any statement or representation (oral, written, or visual) regarding:
- A) The amount of money that others have made or that you might make as a NÉKTØR JUICE BAR franchisee?
Yes _____ No _____
 - B) The revenue or profits that a NÉKTØR JUICE BAR Store will generate?
Yes _____ No _____
 - C) Any other financial performance information about NÉKTØR JUICE BAR businesses?
Yes _____ No _____
9. Have you contacted any existing NÉKTØR JUICE BAR franchisees about their financial performance?
Yes _____ No _____
10. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?
Yes _____ No _____
11. In entering into the Franchise Agreement, are you relying on any statement, promise, or assurances by us or anyone speaking or purporting to speak on our behalf, other than the terms of the Agreement itself (including any Amendment, if applicable)?
Yes _____ No _____
12. Would you agree that the success or failure of your NÉKTØR JUICE BAR franchise will depend in large part on your own skills and abilities and efforts, and those of the people you employ, as well as many factors beyond your control such as competition, the economy, inflation, labor and equipment costs, the marketplace, and other business factors?
Yes _____ No _____
13. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary or multiple damages?
Yes _____ No _____
14. Do you understand that, unless otherwise explicitly stated in written agreements you execute with us, we do not have to sell you a franchise or additional franchises (or Areas of Primary Responsibility), or consent to your purchase of existing franchises?
Yes _____ No _____
15. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the NÉKTØR JUICE BAR Store, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?
Yes _____ No _____
16. Do you understand that once you sign the Franchise Agreement and pay the Initial Franchise Fee, your Initial Franchise Fee payment is nonrefundable under any circumstance?

Yes _____ No _____

17. Do you understand that, under the terms of the Franchise Agreement, you are fully responsible and liable for complying with all government license and permit requirements, as well as with all laws and regulations applicable to the establishment and operation of your NÉKTÖR JUICE BAR Store?

Yes _____ No _____

18. Do you understand the risks of operating NÉKTÖR JUICE BAR Store?

Yes _____ No _____

You understand that we are acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE WILL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGEMENT.

THIS COMPLIANCE QUESTIONNAIRE MAY BE COMPLETED AND SIGNED WITH FULL FORCE AND EFFECT USING ELECTRONIC FIELD INPUTS AND SIGNATURES:

FRANCHISEE

OWNER/GUARANTOR

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

Name: _____

Name: _____

Date: _____

EXHIBIT C
AREA DEVELOPMENT AGREEMENT



**NEKTER FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT**

AREA DEVELOPMENT AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE:

DEVELOPER:

ADDRESS FOR NOTICES:

TELEPHONE NUMBER:

FACSIMILE NUMBER:

E-MAIL ADDRESS:

DESIGNATED PRINCIPAL:

DEVELOPMENT FEE:

- ☐ \$90,000 for two Stores (\$45,000 per Store)
☐ \$ _____ for _____ Stores (\$32,000 per Store)
☐ \$ _____ for _____ Stores (\$29,000 per Store)
☐ \$ _____ for _____ Stores (\$ _____ per Store with
Veteran's Discount of 10%)

DEVELOPMENT AREA:

Refer to Attachment A

**NUMBER OF STORES
TO BE DEVELOPED:**

FRANCHISOR

ADDRESS FOR NOTICES:

Nekter Franchise, Inc.
1844 E. Carnegie Avenue
Santa Ana, California 92705
Attention: CEO

With a copy to:

Maral M. Kilejian, Esq.
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7672
Facsimile: (972) 692-9030

Franchisor Initials

Developer Initials

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STATE SPECIFIC AMENDMENTS

ATTACHMENTS

Attachment A	Development Area and Development Schedule
Attachment B	Entity Information
Attachment C	Personal Guaranty and Undertaking

NEKTER FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (“**Agreement**”) made effective as of _____ (“**Effective Date**”) by and between Nekter Franchise, Inc., a California corporation its current principal office in Santa Ana, California (the “**Franchisor**”); and _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “**Developer**”).

BACKGROUND

A. Franchisor and its Affiliates have developed and own a distinctive business method, format, system and plan (“**System**”), identified by the “**NEKTØR JUICE BAR**” Marks, for the establishment, development, and operation of stores that offer fruit and vegetable juices, smoothies, specialty drinks, cleanses, acai bowls, and other health-centric products and related items in a contemporary environment (“**Stores**”);

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings; proprietary products and recipes; operation, and customer service standards and procedures; advertising and marketing specifications and requirements; and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a NEKTØR JUICE BAR® Store, all of which we may change, improve, and further develop (collectively, “**Standards**”). Developer hereby acknowledges and agrees that: (i) the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information that makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals are proprietary and confidential.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, without limitation, to the mark “**NEKTØR JUICE BAR**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Marks**”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Marks, expertise, and System. Franchisor continues to develop, use, and control the use of the Marks in order to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System’s high standards of quality, appearance, and service.

D. Franchisor grants qualified third parties the right to develop a certain number of Stores within a defined development area (the “**Development Area**”) in accordance with the terms of this Agreement to which Developer must be strictly adhere, with each Store within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current form of franchise agreement (each, a “**Franchise Agreement**”).

E. Developer recognizes the benefits from receiving the right to operate a Store utilizing the System and desires to: (i) become a multi-unit operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate a certain number of Stores within the Development Area as set forth in this Agreement (each, a “**Store**”), and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all Stores and the System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Development Area; Development Schedule and Obligations. Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish the cumulative number of Stores within the Development Area as set forth in Attachment A and each at a specific site approved by Franchisor within the Development Area ("**Franchised Location**"), provided Developer opens and begins operations of such Stores in strict accordance with the mandatory Development Schedule described in Attachment A and otherwise subject to the terms and conditions set forth herein.

1.1 Development Area Exclusivity. Except for sales in Closed Markets, as defined below, and so long as Developer in compliance with the terms of this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, or franchise other persons to establish or operate, a NÉKTØR JUICE BAR® store which is located within the Development Area. Except as specifically provided in the preceding sentence, Developer's rights under this Agreement are not exclusive, and Developer shall not have the right to sublicense, sublease, subcontract, or enter into any management agreement providing for the right to operate a Store or to use the System. Franchisor retains the right, among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Developer any rights therein:

1.1.1 To own, acquire, establish, and/or operate, and license others to establish and operate, Stores outside the Development Area;

1.1.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under other marks or other systems, whether such businesses are the same, similar, or different from the Store, at any location within or outside the Development Area;

1.1.3 To sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products or services which bear any marks, including the Marks, whether within or outside the Development Area;

1.1.4 To produce, license, distribute and market NÉKTØR JUICE BAR® branded food products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Store) including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including through the Internet, mail order catalogs, direct mail advertising and other distribution methods; and

1.1.5 To own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution utilizing the Marks and the System, including, without limitation, toll-free telephone numbers, domain names, URLs, on-line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or stores in "**Closed Markets**," meaning, other retail operations as a part of larger retail venues such as department stores, supermarkets, shopping malls, or in public areas such as amusement parks, airports, train stations, public facilities, college and school campuses, arenas, stadiums, hospitals, office buildings, convention centers, airlines (in-flight service) and military bases.

1.2 No Right to Use Marks or System. This Agreement is not a Franchise Agreement, and does not grant Developer any right to use or to franchise the use of NÉKTØR JUICE BAR® branded and proprietary food products, the Marks, or the System.

2. Development Fee. Developer shall pay Franchisor a development fee equal to the Development Fee indicated on the Summary Pages for the right to develop the foregoing Stores within the Development Area under this Agreement. The Development Fee is fully earned upon payment and is not refundable under any circumstances; and payable to Franchisor immediately on Developer's execution of this Agreement. The parties agree and acknowledge that the Development Fee is comprised of the franchise fee payable in connection with: (i) the initial Store that Developer is granted the right to open within the Development Area under this Agreement (the "**Initial Store**"); and (ii) each additional Store that Franchisor has granted Developer the right to open hereunder (each, an "**Additional Store**").

3. Initial Franchise Agreement. Contemporaneously with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the Initial Store that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's direct and indirect owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. Additional Franchise Agreements. Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each Additional Store that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements upon the execution of this Agreement.

5. Development Obligations. Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the number of new Stores during each of the development periods defined in the Development Schedule (each, a "**Development Period**"); and (ii) has the minimum cumulative number of Stores open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement if not timely cured as set forth in Section 6.2 of this Agreement (and any future development rights granted hereunder). The parties agree and acknowledge that if there is more than one developer or franchisee looking to secure a site for a NÉKTØR JUICE BAR® Store within the Development Area, the parties will follow the Franchisor's prescribed process and procedure for how sites will be reviewed and offered to such franchisees/developers (including Developer) within the Development Area, as Franchisor sets forth in its confidential operations manual(s) or otherwise.

6. Term and Termination.

6.1 Term. This Agreement will begin on the Effective Date and, unless earlier terminated by Franchisor, will expire on the earlier of: (i) the day the final Store is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Store that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any territorial rights other than those that might be granted in connection with a "Designated Area" associated with a Store that Developer has opened and begun operating as of the date this Agreement is terminated or expires (if and as such rights are granted by Franchisor under the respective Franchise Agreement(s) that Developer entered into for such Stores).

6.2 Termination with Notice and Without Opportunity to Cure. Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording

Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Stores within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period and fails to cure such default within 30 days of receiving notice thereof; (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

6.3 Franchisor's Options at Termination. Upon any default under Section 6.2 of this Agreement, Franchisor may immediately take any one or more of the following actions, by written notice to Developer: (i) terminate this Agreement and all rights granted to Developer under this Agreement; (ii) accelerate or decelerate the Development Schedule; (iii) reduce the number of Stores required to be developed under this Agreement; (iv) eliminate, modify, or reduce the Development Area or the number of Stores to be developed.

7. Reservation of Rights. Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. Sale or Assignment. Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a general partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. Acknowledgment. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Marks or System.

10. Notices. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the respective parties at the addresses set forth on the Summary Pages, (which may be changed by written notice).

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to this state's conflict of laws principles.

12. Internal Dispute Resolution. Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's management, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. Mediation. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, Developer, and each Owner agree to submit any claim,

controversy or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between Franchisor and you, **(b)** Franchisor's relationship with you, or **(c)** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal. "**Affiliate**" means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

13.1 The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the agreed-to mediator in the city where Franchisor maintains its principal business offices. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

13.2 If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring such claim, controversy or dispute in accordance with the Agreement. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

13.3 Notwithstanding the foregoing provisions of this Section 13, the parties' agreement to mediate shall not apply to any controversy, dispute or claim related to or based on amounts owed to Franchisor pursuant to this Agreement or for temporary or preliminary injunctive or other extraordinary relief sought ("**Excepted Claims**"). Either party may bring any Excepted Claims in any court of competent jurisdiction and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

14. **Jurisdiction and Venue.** Subject to Section 13 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to the county in which the Franchisor's principal place of business is located at the time of such action. Developer acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 13. Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

15. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

16. **JURY TRIAL WAIVER.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

17. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS

ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18. Waiver of Punitive Damages. Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. Attorneys' Fees. If either party institutes any arbitration, judicial, mediation, or other legal proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees and court costs, incurred in connection with such proceeding.

20. Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

21. Severability. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, that renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. Construction of Language. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each direct and indirect individual and entity owner of Developer ("**Owner**") shall execute the Personal Guaranty and Undertaking attached as Attachment C. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

24. Successors. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

25. Additional Documentation. Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

26. No Right to Offset. Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

27. Entire Agreement. This Agreement contains the entire agreement between the parties concerning Developer's development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

28. Survival of Obligations After Expiration or Termination of Agreement. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

29. Incorporation of Background. The Background section of this Agreement is hereby incorporated by reference into the body of this Agreement.

30. Counterparts; Electronic Signature. This Agreement may be executed by the parties simultaneously in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. This Agreement, including all Attachments, may be signed with full force and effect using electronic signatures. By signing via electronic signature Developer consents to the legally binding terms and conditions of this Agreement and represents that Developer the authorized signatory indicated in each signature block.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR
NEKTER FRANCHISE, INC.
a California corporation

DEVELOPER

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

ILLINOIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Illinois Amendment to Area Development Agreement made this ___ day of _____, 20__ by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”), and _____ (“**Developer**”).

1. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Amendment (the “**Area Development Agreement**”). This Amendment is annexed to and forms part of the Area Development Agreement. This Amendment is being signed because (a) Developer is a resident of Illinois and/or (b) the Franchised Store (s) will be located or operated in the State of Illinois.

2. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987 (“**Act**”), 815 ILCS 705/1-44. To the extent that this Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Area Development Agreement. If this Area Development Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Section 41 of the Illinois Franchise Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that the Area Development Agreement is inconsistent with Illinois law, Illinois law will control.

c. Any provision that designates jurisdiction or venue or requires Developer to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois. Therefore, to the extent that the Area Development Agreement is inconsistent with Illinois law, Illinois law will control.

d. Any release of claims or acknowledgment of fact contained in this Area Development Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and is hereby deleted with respect to claims under the Act.

e. If this Area Development Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.

3. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act, or any law of the State of Illinois is void. However, this provision shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

5. All other provisions of this Area Development Agreement are hereby ratified and confirmed.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHISE, INC.

a California corporation

DEVELOPER

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

NEKTER FRANCHISE, INC.

MARYLAND AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment to Area Development Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**” or “**us**”), and _____ (“**Developer**” or “**you**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent Maryland Franchise Registration and Disclosure Law, with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. Section 14 of the Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
7. As a condition to becoming registered to offer and sell franchises in the State of Maryland, Franchisor has agreed to post a surety bond to guarantee that we will fulfill our material pre-opening obligations to you. The surety bond is on file with Maryland Securities Division. You acknowledge and agree that the Development Fee is fully earned by Franchisor when paid and is not refundable.
8. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHSIE, INC.

a California corporation

DEVELOPER

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

NEKTER FRANCHISE, INC.

MINNESOTA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment to Area Development Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**” and “**us**”), and _____ (“**Developer**” and “**you**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the “**Act**”), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.

2. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Agreement.

3. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Act.

4. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
NEKTER FRANCHSIE, INC.
a California corporation

DEVELOPER

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

NEW YORK AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment to Area Development Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”), and _____ (“**Developer**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. **Releases.** The following language is added to the end of Section 8 of the Agreement:
“, provided, however, that all rights Developer enjoys and any causes of action arising in Developer’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.”
2. **Termination by Developer.** The following language is added to Section 6:
“You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”
3. **Assignment.** The following language is added to the end of Section 8 of the Agreement:
“However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume Franchisor’s obligations under this Agreement.”
4. **Applicable Law.** The following language is added to the end of Section 11 of the Agreement:
“However, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.”
6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

DEVELOPER

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

NORTH DAKOTA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment to Area Development Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Development Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**” or “**us**”), and _____ (“**Developer**” or “**you**”). Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. **Jurisdiction and Venue.** Section 14 of the Development Agreement is supplemented with the following language:

“To the extent required by North Dakota Franchise Investment Law, Developer may bring an action in North Dakota. The parties do hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision.”. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

2. **Governing Law.** Section 11 of the Development Agreement is supplemented with the following language:

“To the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.”

3. **Waiver of Jury Trial.** The Commissioner has determined waiver of trial by jury and waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, Franchisor and Developer agree to enforce these provisions to the extent the law allows.

4. **Conflicting Terms.** In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

5. **Miscellaneous.** Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
NEKTER FRANCHSIE, INC.
a California corporation

DEVELOPER

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

VIRGINIA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment to Area Development Agreement (this “**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Agreement**”) dated _____, by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”) and _____ (“**Developer**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Agreement does not constitute “reasonable cause”, as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.
2. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

DEVELOPER

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.

WASHINGTON AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT is made this ____ day of _____, 20__ by and between Nekter Franchise, Inc., a California corporation (“**Franchisor**”), and _____, a(n) _____ (“**Developer**”).

Franchisor and Franchisee are parties to that certain Area Development Agreement dated _____, 20__ that has been signed concurrently with the signing of this Amendment (the “**Area Development Agreement**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. The State of Washington has a statute, RCW 19.100.180 (the “**Act**”) that may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.

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

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

5. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of state laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

6. In the event of any conflict between the terms of this Amendment and the terms of the Area Development Agreement, the terms of this Amendment shall prevail.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
NEKTER FRANCHISE, INC.
a California corporation

DEVELOPER

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

**NEKTER FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT A
DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE**

1. Development Area. The Development Area, as referred to in Section 1 of the Area Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas: _____.

2. Development Schedule. The Development Schedule referred to in Section 5 of the Area Development Agreement is as follows:

Store No.	Franchise Agreement Execution Date	Store Opening Date
1		
2		
3		
4		
5		

IN WITNESS WHEREOF, the parties hereof have executed this Attachment A as of the dates shown below but effective for all purposes as of the Effective Date.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

DEVELOPER

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEKTER FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT B
ENTITY INFORMATION

If the developer is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

- (1) Developer is a _____, formed under the laws of the state of _____.
- (2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the Developer's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.
- (3) You promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.
- (4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- (5) The address where the Developer's Financial Records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

FRANCHISOR

NEKTER FRANCHISE, INC.
a California corporation

DEVELOPER

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

NEKTER FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT C
PERSONAL GUARANTY AND UNDERTAKING

1. I have read the Area Development Agreement (“**Development Agreement**”) between Nekter Franchise, Inc. (“**Franchisor**”) and _____ (the “**Developer**”).
2. I own a direct or indirect beneficial interest in the Developer, and would be considered an “**Owner**” within the definition contained in Area Development Agreement.
3. I understand that, were it not for this Personal Guaranty and Undertaking (“**Guaranty**”), Franchisor would not have agreed to enter into the Area Development Agreement with the Developer.
4. In consideration of, and as an inducement to, the execution of the Development Agreement by Franchisor, I hereby personally and unconditionally guarantee to Franchisor, and its successors and assigns, for the term of the Agreement (including extensions) and thereafter as provided in the Agreement, that: **(1)** _____ (“**Developer**”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (including any amendments or modifications of the Development Agreement); and **(2)** that I shall personally be bound by and personally liable to Franchisor for the breach of each and every provision in the Development Agreement (including any amendments or modifications of the Development Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the non-competition, confidentiality, and transfer requirements.
5. I hereby waive: **(1)** acceptance and notice of acceptance by Franchisor of the foregoing undertakings; **(2)** notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; **(3)** protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; **(4)** any right I may have to require that an action be brought against Developer or any other person as a condition of liability; **(5)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty; and **(6)** any and all other notices and legal or equitable defenses to which he may be entitled.
6. I further consent and agree that: **(1)** my direct and immediate liability under this guaranty shall be joint and several, both with Developer and among other guarantors; **(2)** I shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; **(3)** such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; **(4)** such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other guarantors), none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Developer or its owners, and for so long as Franchisor has any cause of action against Developer or its owners; and **(5)** this guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Developer, and I hereby waive notice of any and all renewals, extensions, modifications, amendments, or transfers.
7. No modification, change, impairment, or suspension of any of Franchisor’s rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Developer has pledged other security

or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

8. I agree that the provisions contained in Sections 11-14 of the Area Development Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

9. I hereby waive (a) all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and (b) California Civil Code Sections 2899 and 3433.

10. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE AREA DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE AREA DEVELOPMENT AGREEMENT.**

11. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

12. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Executed on the date set forth below:

GUARANTOR(S)

Dated: _____

Name: _____

Address for notices: _____

Fax: _____

Dated: _____

Name: _____

Address for notices: _____

Fax: _____

EXHIBIT D
GENERAL RELEASE (SAMPLE FORM ONLY)

GENERAL RELEASE (SAMPLE FORM ONLY)

The undersigned and my heirs, administrators, executors, ancestors, and assigns, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby remise, release, and forever discharge Nekter Franchise, Inc. (“**Franchisor**”), a California corporation, with its principal business offices located at 1844 E. Carnegie Avenue, Santa Ana, California 92705, and its Affiliates, and their respective owners, officers, directors, employees, and agents (collectively, the “**Franchisor Released Parties**”) from any and all claims, whether at law or in equity, and all contracts, controversies, claims, and demands whatsoever, at law or in equity, that I ever had, now have, or that my respective heirs, administrators, ancestors, executors, and/or assigns may have against the Franchisor Released Parties including, without limitation, all claims arising out of or related to that certain Franchise Agreement between Franchisor and _____ dated _____, 20____, and the offer and sale of NÉKTØR JUICE BAR® franchise opportunity.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature: _____

Name: _____

Date: _____

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT E
LIST OF CURRENT AND FORMER FRANCHISEES

**LIST OF CURRENT FRANCHISEES
AS OF DECEMBER 31, 2019**

Franchisee	Street Address	City	ST	Zip	Phone
Vanessa Aguirre	1085 W. Queen Creek Road, Suite 8	Chandler	AZ	85248	(480) 489-6436
Dustin Wynn	4041 S. Gilbert Road, Suite 2	Chandler	AZ	85249	(435) 590-8407
Carly Loving	3355 W. Chandler Blvd. Suite F01	Chandler	AZ	85226	(903) 293-4532
Carly Loving	7131 W Ray Rd. Suite 8	Chandler	AZ	85226	(903) 293-4532
Dustin Wynn	1907 E. Williams Field Road	Gilbert	AZ	85295	(435) 590-8407
Drew Blattner	20022 N. 67th Avenue, Suite A110	Glendale	AZ	85308	(480) 252-1504
Dustin Wynn	2832 N. Power Road	Mesa	AZ	85215	(435)-590-8407
Suzanne Singer*	24650 N. Lake Pleasant Parkway Unit C-104	Peoria	AZ	85383	(480) 696-0061
Drew Blattner	3013 Agua Fria Freeway, Suite 2	Phoenix	AZ	85027	(480) 252-1504
Drew Blattner	21001 N. Tatum Boulevard, Suite 18-1096	Phoenix	AZ	88505	(480) 252-1504
Randal Shipley*	2730 W. Dove Valley Rd, Suite 110	Phoenix	AZ	85085	(602) 330-9234
Fred Willis	950 E. Via De Ventura Suite D-210	Scottsdale	AZ	85256	(480) 473-0229
Katherine McCalmont	14676 N. Frank Lloyd Wright, #131	Scottsdale	AZ	85260	(602) 708-0007
Katherine McCalmont	9301 E. Shea Blvd	Scottsdale	AZ	85260	(602) 708-0007
Suzanne Singer*	116 East University Drive	Tempe	AZ	85281	(480) 696-0061
Suzanne Singer*	2501 E. Grant Road Suite 161	Tucson	AZ	85716	(480) 696-0061
Suzanne Singer*	2905 E. Skyline Drive Suite 167	Tucson	AZ	85718	(480) 696-0061
Ryan Mckibben	26731 Aliso Creek Road Suite B	Aliso Viejo	CA	92656	(949) 338-8927
Charleen Galvez	5655 E. La Palma Suite. 135	Anaheim Hills	CA	92807	(714) 272-2517
Shannon Rodriguez	8162 E. Santa Ana Canyon Road, Suite 102	Anaheim Hills	CA	92808	(714) 726-8415
Joon Sim	101 W. Imperial Highway Suite 804	Brea	CA	92821	(818) -939-1415
Prashant Sehgal*	2435 E Imperial Hwy. Ste B	Brea	CA	92821	(714) 767-5353
Aman Batta*	15855 Soquel Canyon Parkway	Chino Hills	CA	91709	(909) 319-6165
Jerry Burch	2801 E. Coast Highway #C	Corona Del Mar	CA	92625	(949) 735-4173

Franchisee	Street Address	City	ST	Zip	Phone
Rick Luthra*	1460 Baker St., Suite B	Costa Mesa	CA	92626	(310) 420-7739
Harpal Soni*	1118 Diamond Bar Town Center	Diamond Bar	CA	91765	(714) 598-9454
Aman Batta*	12648 Limonite Avenue Suite 2D	Eastvale	CA	92880	(909) 975-1962
James Lee	127 N. El Camino Real Suite C	Encinitas	CA	92024	(949) 291-2548
Stan La Ferr	703 Pier Avenue Suite F	Hermosa Beach	CA	90254	(310) 717-6388
Mike Ros	126 Main Street #102	Huntington Beach	CA	92648	(562) 481-7583
Shannon Rodriguez	1360 S. Beach Boulevard, Suite C	La Habra	CA	90631	(714) 726-8415
Tom Dore	4237 Campus Drive Suite B163	Irvine	CA	92612	(714) 724-3259
Ridwan Sasmita	834 Kline Street	La Jolla	CA	92037	(559) 313-5357
Yuen Lepe*	8855 Villa La Jolla Drive, Suite #402	La Jolla	CA	92037	(858) 699-1010
Phil Wendt	32371 Golden Lantern Suite G	Laguna Niguel	CA	92677	(949)-371-1699
Shailaja Agirishetti	2004 Ximeno Avenue	Long Beach	CA	90815	(949)-872-2643
Margaret Chan	850 W. 37th Street	Los Angeles	CA	90029	(213) 740-2365
Aman Batta*	30051 Haun Road	Menifee	CA	92584	(909)-975-1962
Tom Dore	27726 Santa Margarita Parkway	Mission Viejo	CA	92691	(714) 724-3259
Arlene Vanden Berghe	28391 A Marguerite Parkway	Mission Viejo	CA	92692	(949) 396-9227
Mark Sarale*	2001 McHenry Avenue Suite N	Modesto	CA	95350	(209) 981-9469
Jerry Burch	1620 San Miguel Drive	Newport Beach	CA	92660	(949) 735-4173
Prashant Sehgal*	345 S. Lake Ave. Suite 110	Pasadena	CA	91101	(714) 767-5353
Aman Batta*	10798 Foothill Boulevard	Rancho Cucamonga	CA	91730	(909) 975-1962
Ryan Mckibben	22361 Antonio Parkway	Rancho Santa Margarita	CA	92688	(949) 338-8927
Aman Batta*	27511 San Bernardino Avenue, #220	Redlands	CA	92346	(909) 975-1962
Prashant Sehgal*	403 N Pacific Coast Hwy. Ste 110	Redondo Beach	CA	90277	(714) 767-5353
Aman Batta*	5225 Canyon Crest Drive	Riverside	CA	92507	(909) 975-1962
Mark Sarale*	1410 E Roseville Parkway #110	Roseville	CA	95661	(209) 981-9469
Kimberly Prince	1050 20 th Street, Suite 120	Sacramento	CA	95811	(916) 300-6346

Franchisee	Street Address	City	ST	Zip	Phone
Aman Batta*	969 Market Street, Suite 102	San Diego	CA	92101	(909) 975-1962
James Lee	2445 Truxton Road #109	San Diego	CA	92106	(949) 291-2548
Amit Wadhara	1034 West Gladstone Street	San Dimas	CA	91773	(909) 319-9795
Prashant Sehgal*	1422 2 nd Street	Santa Monica	CA	90401	(714) 767-5353
Amir Zanjani*	14006 Riverside Drive Suite 122	Sherman Oaks	CA	91423	(310) 804-8880
Mark Sarale*	211 Lincoln Center	Stockton	CA	95207	(209) 981-9469
Aman Batta*	32068 Temecula Parkway, Suite 100	Temecula	CA	92592	(909) 319-6165
Rick Luthra*	25426 Crenshaw Boulevard	Torrance	CA	90505	(310) 420-7739
Shailaja Agirishetti	24371 Magic Mountain Parkway	Valencia	CA	91355	(949) 872-2643
Aman Batta*	11604 Amargosa Street Suite #2	Victorville	CA	92392	(909) 975-1962
Daniel Hernandez	15307 Whittier Boulevard	Whittier	CA	90603	(562) 714-4469
Tina Pugh	10912 Lindbrook Drive	Westwood	CA	90024	(909) 664-3210
Charles Lee	20355 Yorba Linda Boulevard, Suite P-E	Yorba Linda	CA	92886	(714) 260-8582
Scott Cohen*	700 Colorado Boulevard	Denver	CO	80206	(847)-312-6665
Sabrina Steele	3260 S. College Ave, Unit 130	Fort Collins	CO	80525	(970) 222-5409
Scott Cohen*	2500 Orchard Road Suite B	Greenwood Village	CO	80121	(847) 312-6665
Laura Farber-DeWitt	3620 E. Highlands Ranch Pkwy Suite 103	Highlands Ranch	CO	80126	(720) 232-8113
Nitin Solanki*	2960 Aventura Boulevard, Suite 4	Aventura	FL	33180	(404) 944-7070
Nitin Solanki*	4449 Lyons Road, Suite 101 B	Coconut Creek	FL	33073	(404) 944-7070
Nitin Solanki*	15084 Lyons Road, Building A, Unit 450	Delray Beach	FL	33446	(404) 944-7070
Jon Norman*	1404 W. University Ave Suite 30	Gainesville	FL	32603	(203) 623-2088
Dan Gimbel	4100 3rd Street South #4142	Jacksonville Beach	FL	32250	(904) 687-5309
Jon Norman*	1801 W. Tennessee Street	Tallahassee	FL	32304	(203) 623-2088
Scott Hileman*	4009 W. Kennedy Boulevard	Tampa	FL	33609	(813) 833-8078
Scott Hileman*	3236 Little Road, Suite 37	Trinity	FL	34655	(813) 833-8078
Scott Hileman*	3482 Lithia Pinecrest Road	Valrico	FL	33596	(813) 833-8078

Franchisee	Street Address	City	ST	Zip	Phone
Jon Norman*	119 Orlando Ave, Suite 105	Winter Park	FL	32789	(203) 623-2088
Marissa Anden*	5005 W. 119th Street #28	Overland Park	KS	66209	(714) 287-5024
TJ Markham	9462 Ellerbe Rd. Suite 130	Shreveport	LA	71106	(318) 572-3424
Kris Willy	1605 Queens Drive	Woodbury	MN	55125	(651) 270-0335
Karamjit Lubana*	2025 Festival Plaza Drive, Suite 100	Las Vegas	NV	89135	(702) 701-3558
Karamjit Lubana*	1990 Village Center Circle, Suite 3	Las Vegas	NV	89134	(702) 701-3558
Julie Monks*	101 Los Altos Parkway Suite 112-101	Sparks	NV	89436	(209) 329-2109
Todd Engel*	4914 Old Sardis Road, Suite C4	Charlotte	NC	28211	(949) 632-6060
Todd Engel*	1035 Providence Road	Charlotte	NC	28207	(949) 632-6060
Todd Engel*	2725 S. Boulevard, Suite B	Charlotte	NC	28209	(949) 632-6060
Todd Engel*	101 N. Tryon Street Suite 120	Charlotte	NC	28202	(949) 632-6060
Todd Engel*	19116 W. Catawba Avenue, Suite B	Cornelius	NC	28031	(949) 632-6060
Todd Engel*	2920 Sherman Oak Place Suite 120	Raleigh	NC	27609	(949) 632-6060
Leslie Bostick	8215 Chippewa Road	Brecksville	OH	44141	(440) 550-4614
Lucas Walker	315 Oakway Road	Eugene	OR	97401	(541) 817-9287
Christine Garcia*	4859 Meadows Road Suite 165	Lake Oswego	OR	97035	(971) 246-6974
Valerie Cane	970 Dekalb Pike, Suite 240	Blue Bell	PA	19422	(484) 432-6451
Ted Fitzgerald	5362 Kingston Pike	Knoxville	TN	37919	(704) 307-9735
Vincent Mai*	3637 Far West Boulevard, Suite B	Austin	TX	78731	(214) 274-1078
Vincent Mai*	222 West Avenue Suite HR110	Austin	TX	78701	(214) 274-1078
Andrea Young*	6700 Ferris, Suite #120	Bellaire	TX	77401	(713) 256-9648
Andrea Young*	5615 Colleyville Blvd Suite 420	Colleyville	TX	76034	(713) 256-9648
Robert Smith	6712 Snider Plaza	Dallas	TX	75205	(214) 862-1687
Jay Robertson*	5810 Long Prairie Road #800	Flower Mound	TX	75028	(214) 207-8188
Andrea Young*	4601 West Freeway #218	Fort Worth	TX	76107	(713) 256-9648
Andrea Young*	629 Stayton Street, Suite #153	Fort Worth	TX	76107	(713) 256-9648

Franchisee	Street Address	City	ST	Zip	Phone
Ashton Fairey*	11625 Custer Road, Suite 120	Frisco	TX	75035	(530) 360-1002
Andrea Young*	3800 Southwest Freeway, #144	Houston	TX	77027	(713) 256-9648
Andrea Young*	304 Gray Street	Houston	TX	77002	(713) 256-9648
Derek Shaw	7601 N. MacArthur Blvd, Suite 188	Irving	TX	75063	(318) 347-0500
Derek Shaw*	3309 Dallas Parkway Suite 401B	Plano	TX	75093	(318) 347-0500
Derek Shaw*	8255 Preston Road, Suite 200	Plano	TX	75024	(318) 347-0500
Jay Robertson	4901 W. Park Boulevard, Suite 539A	Plano	TX	75093	(972) 484-0600
Robert Smith	410 W. Southlake Boulevard #110	Southlake	TX	76092	(214) 862-1687
Andrea Young*	4747 Research Forest Drive	The Woodlands	TX	77381	(713) 256-9648
Derek Shaw*	8934 S. Broadway Avenue, Suite 402	Tyler	TX	75703	(318) 347-0500
Robert Smith*	8403 Pickwick Lane	University Park	TX	75225	(214) 862-1687
Mike Kearns*	3320 N. Digital Drive Suite 140	Lehi	UT	84043	(801) 386-6109
Mike Kearns*	10367 S. State Street	Sandy	UT	84070	(801) 386-6109
Mike Kearns*	2577 S. Wildcat Way, Suite B	Woods Cross	UT	84087	(801) 386-6109
Kevin Erickson*	305 E. Chkalov Drive Suite 126	Vancouver	WA	98683	(626) 825-3328
Kevin Erickson*	7710 NE 5 th Ave, Suite 118	Vancouver	WA	98665	(626) 825-3328

*Area Developers

**LIST OF CURRENT FRANCHISEES
WITH OUTLETS OPEN AFTER DECEMBER 31, 2019
BUT BEFORE MARCH 31, 2020**

Franchisee	Street Address	City	ST	Zip	Phone
Gagan Batta	16421 Sierra Lakes Pkwy, Suite 200	Fontana	CA	92336	909.319.6165
Stephanie Zembal	535 East 1400 North, Suite 140	Logan	UT	84341	480.330.4467
Justin Lemos	21172 Ellsworth Loop Rd., Suite 112	Queen Creek	AZ	85142	480.747.3567
Mark Sarale	5442 Hazel Ave, Suite 502	Fair Oaks	CA	95628	209.981.9469
Andrea Young	9920 Gaston Rd #190	Katy	TX	77494	713.256.9648

**LIST OF FRANCHISEES WITH SIGNED
FRANCHISE AGREEMENT BUT OUTLET NOT OPENED
AS OF DECEMBER 31, 2019**

Franchisee	Street Address	City	ST	Zip	Phone
Michael Reynolds* Brandon	6522 W. Coat Bridge	Rogers	AR	72758	(479) 790-9480
Michael Reynolds* Brandon	6522 W. Coat Bridge	Rogers	AR	72758	(479) 790-9480
Randal Shipley*	5808 W. Leiber Place	Glendale	AZ	85310	(602) 330-9234
Justin Lemos	21172 Ellsworth Loop Rd, Suite 112	Queen Creek	AZ	85142	(480) 747-3567
Drew Blattner	27241 N 67 th Street	Scottsdale	AZ	85266	(480) 252-1504
Suzanne Singer*	17025 N. Scottsdale Rd. Suite 110	Scottsdale	AZ	85255	(480) 696-0061
Gurpreet Boparai	90 Corte Cerrito	Camarillo	CA	93010	(805) 727-1105
Daniel Hernandez	9112 Firestone Boulevard	Downey	CA	90241	(562) 714-4469
Prashant Sehgal*	7161 Citrus Valley Avenue	Eastvale	CA	92880	(714) 767-5353
Mark Sarale*	5442 Hazel Avenue Suite 502	Fair Oaks	CA	95628	(209) 981-9469
Mark Sarale*	900 E. Bidwell St. Suite A400	Folsom	CA	95630	(209) 981-9469
Aman Batta*	16421 Sierra Lakes Pkwy Suite 200	Fontana	CA	92336	(909) 319-6165
Mark Sarale*	1820 W. Kettleman Ln. Suite C	Lodi	CA	95242	(209) 981-9469
Dilpreet Multani*	9611 Springbrook Court	Rancho Cucamonga	CA	91730	(909) 560-3000
Mark Sarale*	3700 Crocker Drive, Suite 160	Sacramento	CA	95814	(209) 981-9469
Yuen Lepe*	15573 Tanner Ridge Road	San Diego	CA	92127	(858) 699-1010
Amir Zanjani*	14006 Riverside Drive Suite 122	Sherman Oaks	CA	91423	(310) 804-8880
Ajay Bhalla	1201 Tyler Lane	Upland	CA	91784	(805) 340-3830
Carrie Holder*	27412 E. Otero Place	Aurora	CO	80016	(918) 645-8191
Carrie Holder*	27412 E. Otero Place	Aurora	CO	80016	(918) 645-8191
Danielle Naeff	5225 Ridge Trail	Bow Mar	CO	80123	(303) 506-0840
Nick Green*	7340 North Academy Blvd.	Colorado Springs	CO	80920	(949) 350-5816
Nick Green*	1495 Diamond Rim Drive	Colorado Springs	CO	80921	(949) 350-5816
Nitin Solanki*	9100 Wiles Road Suite D14	Coral Springs	FL	33067	(404) 944-7070
Scott Hileman*	8120 Hampton View Lane	Tampa	FL	33647	(813) 833-8078
Jennifer Jobe	4340 US Hwy One	Vero Beach	FL	32967	(407) 756-3186

Franchisee	Street Address	City	ST	Zip	Phone
TJ Markham	203 Cherry Blossom Lane	Benton	LA	71006	(318) 572-3424
Cullom Swords	225 Mattingly Lane	Madisonville	LA	70447	(985) 869-2624
Adler Lafontant*	5713-B Eastern Ave.	Baltimore	MD	21224	(203) 668-6202
Raymond Anden*	4800 Main, Suite 104	Kansas City	MO	64112	(714) 287-5024
Tempe Connell*	824 Shiloh Crossing Blvd. Suite 3	Billings	MT	59102	(406) 582-9600
Tempe Connell*	1714 Font St	Billings	MT	59101	(406) 582-9600
Todd Engel*	9330 Center Lake Drive Suite 210	Charlotte	NC	28216	(949) 632-6060
Robbi Lubana*	10417 Orkinley Drive	Las Vegas	NV	89144	(702) 701-3558
Lucas Walker	315 Oakway Road	Eugene	OR	97401	(541) 817-9287
Valerie Cane	128 Flannery Drive	Norristown	PA	19403	(484) 432-4226
Vincent Mai*	9722 Great Hills Trail Suite 145	Austin	TX	78759	(214) 274-1078
Ashton Fairey*	3290 Main Street, Suite 201	Frisco	TX	75033	(530)-360-1002
Andrea Young*	9920 Gaston Road, #190	Katy	TX	77494	(713) 256-9648
Vincent Mai*	3237 Forestbrook Dr.	Richardson	TX	75082	(214) 274-1078
Bhavik Patel*	1575 Trowbridge Circle	Rockwall	TX	75032	(832) 414-3010
Derek Shaw*	8934 S. Broadway Avenue Suite 402	Tyler	TX	75703	(318)-347-0500
Stephanie Zembal	535 E 1400 North Suite 140	Logan	UT	84341	(480) 330-4467
Christina Miller*	2607 NW 60 th Street	Seattle	WA	98107	(206) 755-9775

*Area Developers

**FRANCHISE AGREEMENT SIGNED AFTER DECEMBER 31, 2019
BUT OUTLET NOT OPENED AS OF MARCH 31, 2020**

Franchisee	Street Address	City	ST	Zip	Phone
None.					

LIST OF FORMER FRANCHISEES

The following are franchisees who have been terminated, canceled, not renewed, or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the date of issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Reacquired by Franchisor: None.

Transferred to New or Existing Franchisees:

FRANCHISEE	CITY	STATE	PHONE NUMBER
Fahreen Jon Brancal	Newport Beach	CA	(949) 558-7764
Rima Abdouni	Scottsdale	CA	(480) 620-0053

Mutual Termination:

FRANCHISEE	CITY	STATE	PHONE NUMBER
Jennifer Jobe	Vero Beach	FL	(407) 756-3186

Ceased Operations for Other Reasons:

FRANCHISEE	CITY	STATE	PHONE NUMBER
Mike Kearns	Sandy	UT	(801) 386-6109
Mike Kearns	Woods Cross	UT	(801) 386-6109

Has Not Communicated Within the Last 10 Weeks:

FRANCHISEE	CITY	STATE	PHONE NUMBER
Mike Ros	Hawaiian Gardens	CA	(562) 481-7583

EXHIBIT F
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EXHIBIT G
LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR
CALIFORNIA	Department of Business Oversight 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 373-1837
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-4026
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, New York 10005 (212) 416-8285
NORTH DAKOTA	North Dakota Securities Department 600 East Blvd. Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, North Dakota 5805 (701) 328-4712

STATE	STATE ADMINISTRATOR
OREGON	Division of Consumer and Business Services Finance and Corporate Securities 350 Winter Street N.E. Labor and Industries Bldg., Room 21 Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S. Euclid, 2 nd Floor Pierre, South Dakota 57501 (605) 773-4823
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division - 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue Madison, Wisconsin 53703 (608) 266-3364

AGENTS FOR SERVICE OF PROCESS

STATE	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 and My Corporation Business Services, Inc. 23586 Calabasas Road, Suite 102 Calabasas, California 91302
HAWAII	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-1090
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa St. G. Mennen Williams Bldg., 1 st Floor Lansing, Michigan 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-4026
NEW YORK	Secretary of State of the State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231

STATE	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	Securities Commissioner State of North Dakota 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505
RHODE ISLAND	Director of Business Regulation Division of Banking and Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703

EXHIBIT H
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

EXHIBIT I
RECEIPTS

Receipt

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Nekter Franchise, 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, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business 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 and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Nekter Franchise, 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 any applicable state agency (as listed in Exhibit G to this disclosure document).

The franchisor is Nekter Franchise, Inc., 1844 E. Carnegie Avenue, Santa Ana, California 92705. Its telephone number is 1-800-385-1650.

Issuance Date: May 28, 2020

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Steve Schulze	1844 E. Carnegie Avenue, Santa Ana, CA 92705	1-800-385-1650

I received a disclosure document with an issuance date of May 28, 2020. State registration effective dates are listed on the State Effective Dates page contained in this disclosure document. The disclosure document included the following Exhibits:

State Specific Addenda

- Exhibit A Financial Statements
- Exhibit B Franchise Agreement with Attachments
- Exhibit C Area Development Agreement with Attachments
- Exhibit D General Release (Sample Form Only)
- Exhibit E List of Current and Former Franchisees
- Exhibit F Manual Table of Contents
- Exhibit G List of State Administrators and Agents for Service of Process
- Exhibit H Receipts

Dated: _____

Dated: _____

Printed Name _____

Printed name _____

Signed, individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

Signed, individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

[KEEP THIS PAGE FOR YOUR RECORDS]

Receipt

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If Nekter Franchise, 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, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business 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 and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Nekter Franchise, 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 any applicable state agency (as listed in Exhibit G to this disclosure document).

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- Exhibit I Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed, individually and as an officer of

_____(a Corporation)

_____(a Partnership)

_____(a Limited Liability Company)

Signed, individually and as an officer of

_____(a Corporation)

_____(a Partnership)

_____(a Limited Liability Company)

[Please return this completed form to Nekter Franchise, Inc., by E-mail: franchise@nekterjuicebar.com, or Regular Mail: 1844 E. Carnegie Avenue, Santa Ana, California 92705.]