

FRANCHISE DISCLOSURE DOCUMENT

Pop Bar Franchising LLC
a New York limited liability company
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The franchisee will operate a shop under the name “Popbar” featuring handcrafted gelato, sorbetto and yogurt served on a stick made from superior, all-natural ingredients, as well as coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products. Popbar shops operate using proprietary formula, and techniques, trade dress, and trademarks and logos.

The total investment necessary to begin operation of a Popbar franchise is \$217,000 to \$458,400. This includes between \$67,000 to \$121,500 that must be paid to the franchisor and/or its affiliate, as appropriate.

If you enter into a multi-unit operator agreement to develop at least three shops, when you sign the multi-unit operator agreement you will pay an initial fee equal to 100% of the initial franchise fee for the first shop to be developed, plus a deposit equal to 50% of the initial franchise fee multiplied by the total number of additional shops to be developed under the multi-unit operator agreement. The total investment under a multi-unit operator agreement will vary depending on the number of shops to be developed.

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 the 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 for you. To discuss the availability of disclosures in different formats, contact Reuben Ben Jehuda at 5 Carmine Street, New York, New York, 10014, and (212)444-8141.

You may have elected to receive an electronic version of your disclosure document. If so, you may wish to print or download the disclosure document for future reference. You have the right to receive a paper copy of the disclosure document until the time of sale. To obtain a paper copy, contact Reuben Ben Jehuda at 5 Carmine Street, New York, New York, 10014, and (212)444-8141.

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

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

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

Issuance Date: April 16, 2021

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Popbar business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator 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 Popbar franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
- 2) **Spousal Risk Factor.** Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.
- 3) The franchise agreement contains provisions that limit franchisee's rights and may not be enforceable in California including but not limited to limitation of damages.
- 4) The territory is not exclusive. You may face competition from other franchisees, from franchisor owned outlets or from other channels of distribution or competitive brands franchisor controls.

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

TABLE OF CONTENTS

ITEM 1	1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	3
BUSINESS EXPERIENCE	3
ITEM 3	4
LITIGATION	4
ITEM 4	4
BANKRUPTCY	4
ITEM 5	4
INITIAL FEES	4
ITEM 6	5
OTHER FEES	5
ITEM 7	12
ESTIMATED INITIAL INVESTMENT	12
ITEM 8	15
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
ITEM 9	18
FRANCHISEE’S OBLIGATIONS	18
ITEM 10	19
FINANCING	19
ITEM 11	19
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	19
ITEM 12	27
TERRITORY	27
ITEM 13	30
TRADEMARKS	30
ITEM 14	32
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	32
ITEM 15	33
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS	33
ITEM 16	34
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	34
ITEM 17	34
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	34
ITEM 18	40

PUBLIC FIGURES	40
ITEM 19	40
FINANCIAL PERFORMANCE REPRESENTATIONS	40
ITEM 20	41
OUTLETS AND FRANCHISEE INFORMATION.....	41
ITEM 21	43
FINANCIAL STATEMENTS.....	43
ITEM 22	43
CONTRACTS	43
ITEM 23	44
RECEIPTS	44

EXHIBITS

- A – Financial Statements
- B – Franchise Agreement
- C – Multi-Unit Operator Agreement
- D – List of Franchisees and Franchisees Who Have Left the System
- E – Table of Contents of Operations Manual
- F – State Specific Addenda
- G – List of State Administrators/Agents for Service of Process
- H – Form of General Release
- I – Receipts

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

The Franchisor

Pop Bar Franchising LLC (referred to in this Disclosure Document as “Pop Bar”, “popbar”, “we”, “us”, or “our” and where the context requires also includes our parent and our affiliates) was formed as a New York limited liability company on February 9, 2010. Our principal place of business is 5 Carmine Street, New York, New York, 10014, and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “you”, “your”, or “franchisee” which includes all franchise owners and partners, if you are a corporation, partnership or other entity.

We do not own or operate any businesses of the type being franchised. Other than servicing and selling franchises for Popbar shops and owning Popbar shops, we are not involved in other business activities. We have not offered franchises in any other line of business. We began offering franchises in September 2010.

Our agents for service of process are listed in Exhibit G.

Our Parents, Predecessors and Affiliates

We have no parent or predecessors, but we have an affiliate. Our affiliate is Pop Bar, LLC, a New York limited liability company headquartered at 5 Carmine Street, New York, New York, 10014 (“Affiliate”). Our Affiliate has owned and operated one business of the type being franchised since May 2010. Our Affiliate has never offered franchises in this or any other line of business. Our Affiliate owns the Proprietary Marks (described below) which it has licensed to us so that we may sublicense them to our franchisees. The trademark license agreement between us and our Affiliate is dated June 24, 2010.

Our Affiliate previously had a master franchise agreement with Stick House S.r.l., an Italian company headquartered at Strada Dell’Antioca 5/a – 10156 - Torino, Italy (“Stick House”) under which Stick House granted our Affiliate the rights to franchise Popbar shops using Stick House equipment in the United States. This master franchise agreement expired at the end of 2012.

As a the result of the expenditure of time, skill, effort and money, we have developed and own a unique and distinctive system (“System”) relating to the establishment and operation of shops offering handcrafted gelato, sorbetto and yogurt served on a stick made from superior, all-natural ingredients, as well as coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products

Description of Franchise

We offer franchises for the right to establish and operate a quick serve shop operating under the name “Popbar” featuring handcrafted gelato, sorbetto and yogurt served on a stick made from superior, all-natural ingredients, as well as coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products (“Shop” or “Franchised Shop”). The gelato, sorbetto and yogurt are prepared according to proprietary recipes and are referred to in this Disclosure Document as “Proprietary Products.” Popbar Shops offer dine-in and take-out service. With our prior written consent, you may offer delivery service, but you must comply with our policies and guidelines for providing delivery service. You may not provide catering services from your Shop unless agreed upon on in a separate document. You may not sell any product at wholesale from your Shop.

The Shops operate under the trade name and mark “Popbar”, and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks”.

Popbar Shops are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. The Shops are generally located within shopping centers, multi-use developments, lifestyle centers, mega centers, entertainment centers, and urban locations. Shops will typically be approximately 500 to 1,000 square feet in size. Each Shop will offer dine-in and take out service.

The Shops are established and operated under a comprehensive and unique system (the “System”). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including Proprietary Products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sale and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Manuals, which you should expect to evolve over time, that are provided to you as a franchisee (described in Item 11).

Franchise Agreement

We offer the right to establish and operate a Shop under the terms of a single unit franchise agreement within a specific territory (the “Franchise Agreement”), Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. If you are an entity, under the Franchise Agreement, the owners of the entity are characterized as Principals (referred to in this Disclosure Document as “your Principals”). The Franchise Agreement is signed by us, by you, and by your Principals. By signing the Franchise Agreement, your Principals agree to be individually bound by the obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must also designate a “General Manager” who will be the main individual responsible for operating your Shop. We recommend, but do not require, that you act as the General Manager.

Multi-Unit Operator Agreement

In certain circumstances, we will offer to you the right to sign a multi-unit operator agreement in the form attached as Exhibit C to this Disclosure Document (the “Multi-Unit Operator Agreement”) to develop multiple franchised Shops to be located within a specifically described geographic territory (the “Exclusive Area”). We will determine the Exclusive Area before you sign the Multi-Unit Operator Agreement and it will be included in the Multi-Unit Operator Agreement. Under the Multi-Unit Operator Agreement, you must establish a certain number of Popbar Shops (at least three Shops) within the Exclusive Area according to a development schedule and sign a separate Franchise Agreement for each Shop established under the Multi-Unit Operator Agreement. The Franchise Agreement for the first Shop developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document. For each additional Shop developed under the Multi-Unit Operator Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees. The size of the

Exclusive Area will vary depending upon local market conditions and the number of Shops to be developed (see Item 12).

The person or entity signing the Multi-Unit Operator Agreement is referred to as the “Multi-Unit Operator.” The Multi-Unit Operator Agreement contains concepts similar to the Franchise Agreement involving the “Multi-Unit Operator’s Principals.”

Market and Competition

The market for frozen dessert shops in general is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain shops, some of which may be franchise systems. We may establish other Popbar Shops in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell Proprietary Products in your area. Also, we may sell Proprietary Products through the internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights. Our Proprietary Products are somewhat seasonal and sell better in warm weather.

Industry Regulations

Many of the laws, rules and regulations that apply to business generally have particular applicability to Popbar Shops. All Shops must comply with federal, state and local laws applicable to the operation and licensing of a food service business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food service operations. If applicable to your Shop, the Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc. You should consider these laws and regulations when evaluating your purchase of a franchise.

Among the licenses and permits you may need are: Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Health Permits, Frozen Dessert Permits, Food and Agriculture State Department Permits, Alarm Permits, County Occupational Permits, Retail Sales Licenses, and Wastewater Discharge Permits. There may be other laws, rules or regulations which affect your Shop, including minimum wage and labor laws along with ADA, OSHA and EPA considerations.

Each of your managers and other employees we designate must be ServSafe Certified Professional Food Managers or other similar requirements.

We recommend that you consult with an attorney to determine which laws will be applicable to you and your Shop and for an understanding of these laws.

ITEM 2 **BUSINESS EXPERIENCE**

Owner – Reuben Ben Jehuda

Mr. Ben Jehuda has been one of our Owners since our inception in February 2010.

ITEM 3
LITIGATION

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

Franchise Agreement: You must pay us an initial franchise fee of \$35,000 for the right to establish a single Shop under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise Agreement and the initial franchise fee is the same for all franchisees under this offering.

The initial franchise fee is used in part for working capital and in part for profit. The initial franchise fee is not refundable under any circumstances.

Multi-Unit Operator Agreement: When you sign the Multi-Unit Operator Agreement, you must pay us a multi-unit operator fee equal to 100% of the initial franchise fee for the first Shop to be developed (\$35,000) and sign a Franchise Agreement for this first Shop, plus a deposit equal to 50% of the initial franchise fee (\$17,500) for each additional Shop to be developed under the Multi-Unit Operator Agreement. For each Shop developed after the first, we will apply \$17,500 toward the initial franchise fee due under the Franchise Agreement. The balance of the initial franchise fee due, or \$17,500, is payable immediately after you sign a lease or purchase agreement and the Franchise Agreement for the Restaurant or 90 days before the scheduled opening of the Restaurant, whichever occurs first. We reserve the right to adjust this formula depending upon the size of the area and the financial ability of the Multi-Unit Operator. The multi-unit operator fee must be paid in a lump sum and is non-refundable. Under a Multi-Unit Operator Agreement, we expect that you will develop a minimum of three Popbar Shops.

For example, if you commit to develop four Shops, your multi-unit operator fee is calculated as: $\$35,000 + (3 \times \$17,500 = \$52,500) = \$87,500$. You will sign the Franchise Agreement for the first Shop at the same time you sign the Multi-Unit Operator Agreement. For each Franchise Agreement you sign after the first one, we will apply \$17,500 toward the initial franchise fee due, and you will pay the balance of \$17,500 when you sign the Franchise Agreement.

Pre-Opening Purchases: Before your Shop opens you must purchase certain pieces of equipment, including production machinery (gelato makers), dryers, display showcase, and your initial inventory of Proprietary Product mixes from us. We estimate that the cost of the equipment you must purchase from us will be between \$20,000 to \$50,000. We estimate that the cost of your initial supply of these items will be between \$10,000 and \$30,000. You must also reimburse us for the shipping costs, which will range from \$1,000 to \$5,000.

Layout Review Fee: You must pay us a fee for our review of the Layouts that our architect creates to adapt your approved location to a Popbar Shop. Our fee is \$1,000 to \$1,500 and is not refundable.

There are no other purchases from or payments to us or any affiliate of ours that you must make before your Shop opens.

ITEM 6
OTHER FEES

Fees ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee ⁽²⁾	6% of Gross Sales	Payable on or before each Wednesday for the preceding week (Monday through Sunday).	Royalty Fees are calculated based on Gross Sales for the previous week. Amounts due will be withdrawn by EFT from your designated current and active bank account.
Advertising and Development Fund (ADF) ⁽³⁾	2% of Gross Sales	ADF contribution is due on or before each Wednesday for the preceding week (Monday through Sunday).	You must contribute when we establish the ADF. The ADF is described in Item 11. We may require you to contribute or allocate different amounts to the ADF or to local advertising (individually or through a cooperative), but the total amount of all advertising will not exceed 3% of Gross Sales. You must pay the ADF contribution by electronic funds transfer from a current and active bank account.
Local Advertising Requirement	1% of Gross Sales	Payments for local advertising are due when billed by local advertiser.	. All advertising must be approved by us before you use it. We may require you to submit paid invoices for auditing.
Cooperative Advertising ⁽⁴⁾	As determined by Cooperative, but not more than 2% of Gross Sales	As determined by Cooperative	If an advertising cooperative is formed for your area, you must join the cooperative. Any money you contribute to a cooperative will count toward your advertising requirement

Fees ⁽¹⁾	Amount	Due Date	Remarks
Initial Training (For New or Replacement Employees)	Our then-current hourly fee, plus expenses Current hourly fee = \$100	Before Training	We do not charge a fee to train you and your Principals and General Manager. If you want to train other personnel or if we determine additional training is required, we have the right to charge a reasonable fee. You must pay the expenses of your personnel attending training, including travel, lodging, meal and wage cost.
Additional On-Site Training	Our then-current hourly rate per trainer, plus expenses Current hourly rate = \$100	When billed	If you request that we provide additional training at your Shop, you must pay our daily fee for each trainer we send to your Shop, and you must reimburse each trainer's expenses, including travel, lodging and meals
Interest	1.5% per month or the highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts.
Audit Fee	Cost of audit	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Transfer Fee – Franchise Agreement	\$35,000	Upon completion of the transfer	If an individual or partnership transfers rights to a corporation controlled by the same interest holders, the transfer fee is limited to reimbursement of our out-of-pocket costs.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee – Multi-Unit Operator Agreement	\$35,000	When the transfer is completed	If an individual or partnership transfers rights to a corporation controlled by the same interest holders, the transfer fee is limited to reimbursement of our out-of-pocket costs.
Renewal	\$20,000	Upon renewal of the Franchise Agreement	
Public Offering	Reimbursement of our costs	When billed	You must reimburse our costs for reviewing your proposed offering materials
Inspection and Testing	\$1500	With request for approval	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use in your Shop. Also payable if we remove items from your Shop for testing and the items do not meet our specifications (see Item 8)
Liquidated Damages	See footnote 5		
Software License Fee	Up to \$165 to \$300 per POS system, per month	As incurred	If we acquire or develop a software program for use by Popbar Shops, we may charge a reasonable fee to license it to you. Payable to the approved supplier for computer/POS system maintenance and support.
Computer Software and Technology, Support, and Upgrades	\$165 to \$500 per month (depending on the number of users and locations)	As incurred	We may charge you upfront and recurring (e.g., weekly, monthly, or other) fees for proprietary software or technology licensed to you and related support services. This fee may increase as costs increase.
Website Fee	Not to exceed \$100	Payable at the same time and in the same manner as the Royalty Fee	If we develop a website platform for use by Popbar Shops, we may charge a reasonable fee to license it to you.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Management Fee	\$400 per person per day (plus costs and expenses)	If incurred	We may step in and manage your Shop in certain circumstances like in case of you or your Principals' death or disability, or after your default or abandonment. We will charge a management fee if we manage your Shop, and you must reimburse our expenses
Non-Compliance Fee	\$250 per violation	On demand	If you deviate from contractual requirements, including System Standards. This compensates us for administrative and management costs, not for its damages due to your default. These violations can be determined but not limited to a store Quality Assurance review.
Proprietary Materials Non-Return Fee	\$5,000 per equipment	On demand	You must reimburse us for each piece of proprietary equipment or other materials you do not return to us when required.
Records Deficiency Fee	\$250 per violation	On demand	You must compensate us for each category of required records you fail to maintain for each year (or portion of a year) for which we seek to perform an examination or audit. Including but not limited to Proforma. This compensates us for administrative and management costs, not for its damages due to your default.
Non-Approved Opening	\$500 per day	On demand	You must compensate us for each day Business operates without Popbar's approval

Fees ⁽¹⁾	Amount	Due Date	Remarks
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Shop or in connection with any offer of your securities, or for costs associated with defending claims that you used the trademarks in an unauthorized manner
Repair, Maintenance, and Remodeling/Redecorating	Will vary under circumstances	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Shop and its equipment. You must remodel and/or redecorate the main areas (front of house) of your Shop every five years, and you must do a complete remodel (front and back of house) of your Shop every 10 years
Insurance	Reimbursement of our costs	If incurred	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf
Product Purchases	\$250 Per item per occurrence.	On demand	You must purchase from us your supply of Proprietary Products.
Unapproved Vendors	\$250 Per item per occurrence.	On demand	If we find that you are not using an approved vendor for purchases.
Social Media fee	\$250 Per item per occurrence.	On demand	If you utilize social media in an unapproved manner.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Non- compliance of Catering orders.	\$250 Per item per occurrence.	On demand	If you do not execute a catering order sent to your store that falls in the parameters of the Popbar catering program.
On-line Ordering	\$50	Monthly	If we develop an online ordering program for use by Popbar shops, we may change a reasonable fee to license it to you. Payable to our approved supplier
ServSafe Certification	\$150 per person	As needed	Each of your managers and other employees we designate must be ServSafe certified. This fee is payable to approved ServSafe instructor and a copy of all certifications must be provided to us at the time of completion...
Gift and Loyalty Cards	\$1.00 - \$2.00 per gift card/ gift card package	As incurred	See note 6.
Annual Convention	\$500, plus your expenses	As incurred	If we choose to hold a convention of our franchisees, attendance will be mandatory

Notes:

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control.

2. For the purposes of determining the fees to be paid under the Franchise Agreement, “Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to the Shop, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point of sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by us. The royalty fee and advertising fee will be withdrawn from your designated bank account by electronic funds transfer (“EFT”) on the 10th day of each month based on Gross

Sales for the preceding calendar month. If you do not report the Shop's Gross Sales, we may debit your account for 120% of the last Royalty Fee and Advertising Fee that we debited. If the Royalty Fee and Advertising Fee we debit are less than the Royalty Fee and Advertising Fee you actually owe us, once we have been able to determine the Shop's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Advertising Fee we debit are greater than the Royalty Fee and Advertising Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month.

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

You must provide us with the reports we require for your Shop in the format and including the information that we specify. Gross Sales reports must be provided to us weekly and monthly, and are in addition to our right to poll your computer system.

3. We will establish and administer a national ADF on behalf of the System (see Item 11) to provide national or regional creative materials for the benefit of the System.

4. Cooperatives will include all Shops located in a specific geographic area, whether owned by us, our affiliates or our franchisees. Each Shop has one vote in the cooperative, except that no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote, regardless of the number of Shops owned. No Cooperatives have been established as of the date of this Disclosure Document.

5. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid to us during the 12 months of operation preceding the effective date of termination multiplied by the number of months remaining in the Agreement had it not been terminated, whichever is higher.

6. You must participate in our Gift and Loyalty Card program, which allows a Gift Card that is purchased at any Shop to be redeemed at any other Shop, and that Loyalty Cards are acceptable at all Shops in the System.

7. Catering thresholds-

Pops/Merch miniPops

Order Total (Product)	Discount	Qty	Estimates	Est Price/Pop	Qty	Estimates	Price/Pop	Price/Box
\$1 0%	1 - 28	\$3.49 - \$4.99	25 - 175	\$2.40	\$60			
\$100 5%	21 - 114	\$3.32 - \$4.74	200 - 475	\$2.00	\$50			
\$400 15%	81 - 286	\$2.97 - \$4.24	500+	\$1.80	\$45			
\$1,000 20%	201 - 716	\$2.79 - \$3.99	1000+	\$1.60	\$40			
\$2,500 25%	502 - 1432	\$2.62 - \$3.74						
\$5,000 30%	1003 - 1433	\$2.44 - \$3.49						

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Item	Estimated Cost	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee ⁽¹⁾	\$35,000	Lump Sum	On signing Franchise Agreement	Us
Rent – 3 Months ⁽²⁾	\$9,000 to \$30,000	As determined by Landlord	Before opening	Landlord
Security Deposits ⁽³⁾	\$6,000 to \$30,000	As arranged	As arranged	Landlord, Utility Companies
Leasehold Improvements, Furniture ⁽⁴⁾	\$60,000 to \$120,000	As arranged	As arranged	Contractors, Us and/or Approved Suppliers
Equipment ⁽⁵⁾	\$70,000 to \$100,000	As arranged	As arranged	Us and Approved Suppliers
POS Computer System ⁽⁶⁾	\$1,000 to \$3,000	As arranged	As arranged	Approved Suppliers
Insurance – 3 Months ⁽⁷⁾	\$1,500 to \$4,500	As arranged	As arranged	Insurance Companies
Permits and Licenses ⁽⁸⁾	\$1,000 to \$5,000	As arranged	As arranged	Government Agencies
Initial Inventory ⁽⁹⁾	\$10,000 to \$30,000	As arranged	As arranged	Us and Approved Suppliers
Shipping Costs for Proprietary Product Mixes	\$1,000 to \$2,400	As arranged	As arranged	Us
Signage, Facade ⁽¹⁰⁾	\$3,000 to \$20,000	As arranged	As arranged	Approved Suppliers
Grand Opening Advertising ⁽¹¹⁾	\$2,500 to \$5,000	As arranged	As arranged	Approved Suppliers
Layouts ⁽¹²⁾	\$3,000 to \$13,000	As arranged	As arranged	Architect
Layout Review Fee ⁽¹²⁾	\$1,000 to \$1,500	Lump sum	As incurred	Us

Item	Estimated Cost	Method of Payment	When Due	To Whom Paid
Travel Expenses for Training ⁽¹³⁾	\$1,000 to \$4,000	As arranged	As incurred	Airlines, Hotels, Restaurants, Employees
Professional Fees ⁽¹⁴⁾	\$2,000 to \$5,000	As arranged	As arranged	Attorney, Accountant
Additional Funds ⁽¹⁵⁾	\$10,000 to \$50,000	As arranged	As incurred	Various
Total ⁽¹⁶⁾	\$217,000 to \$458,400			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. **Initial Franchise Fee.** The initial franchise fee is discussed in Item 5.

2. **Rent.** If you do not own adequate property, you must lease the property for your business. The typical size for a Popbar Shop is 500 to 1,000 square feet on the ground floor retail level. The costs for a suitable location will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Shop.

Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges (“CAM Charges”) your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Shop, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Shop, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

3. **Security Deposits.** We expect that you will need to pay deposits for your local utilities, such as telephone, electricity and gas, and your landlord may require you to pay a security deposit. The amount of your deposits will depend, in part, on your credit rating and the policies of the individual utility companies.

4. **Leasehold Improvements, Furniture.** The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out of the Shop and the cost of leasehold improvements. These figures are our best estimate based on remodeling/finish-out rates in the New York City area. These amounts may vary substantially based on

local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord. The furniture and fixtures you will need for your Shop include décor items, Pop Art, tables, chairs and menu boards.

5. **Equipment.** The equipment you will need for your Shop includes the gelato showcase, gelato maker, dryer, espresso machine, freezers (2-4), reach-in refrigerators (2-4), coffee machine and ice machine.

6. **POS Computer System.** You must purchase the computerized point of sale system that we specify (see Item 11).

7. **Insurance.** You must have the insurance that we specify for your Shop at all times during the term of your Franchise Agreement. Our insurance requirements are included in Item 8.

8. **Permits and Licenses.** Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Shop. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

9. **Initial Inventory.** Our estimate includes your initial inventory of Proprietary Product mixes, espresso beans, products used in the production of the popbars, other menu items, uniforms and merchandise.

10. **Signage, Facade.** These amounts represent your cost for your interior and exterior signage and facade. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

11. **Grand Opening Advertising.** You must conduct a grand opening advertising campaign to promote the opening of your Shop. We reserve the right to approve all advertisements used in your grand opening advertising campaign, and your campaign must include promotional giveaways, such as t-shirts and free popbars. Your campaign must be conducted in the 90-day period that includes 30 days before and 60 days after opening of your Shop. At our request, you must give the grand opening advertising money to us and we will conduct the grand opening advertising campaign on your behalf.

12. **Layouts.** You must hire our designated architect to modify our standard plans and specifications to create construction drawings that are specific to your approved location. All proposed plans and drawings are subject to our approval before construction may begin, and any changes proposed during construction must also be approved by us. You must pay our fee for our review of your plans and drawings.

13. **Travel and Living Expenses While Training.** These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first six trainees. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The lower end of our estimate assumes that the trainees live within driving distance of our training facility.

14. **Professional Fees.** We expect that you will retain an attorney and an accountant to assist you with evaluating this franchise offering, and with negotiating your lease or purchase agreement for the approved location.

15. ***Additional Funds.*** This estimates your initial startup expenses for an initial three-month period, not including payroll costs, and does not include any revenue that your Shop may earn in the first three months of operation. These figures are estimates only and we cannot guarantee that you will not have additional expenses starting your business. Your expenses will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for our products or services), the prevailing wage rate, competition, the sales level reached during the initial period and the time of year your Shop opens to the public, if you are in a cooler climate. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

16. ***Totals.*** We relied on our and our Affiliate's experience in developing a Popbar Shop to prepare these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

We have not included a separate table for the initial investment if you sign a Multi-Unit Operator Agreement. A Multi-Unit Operator is expected to incur these same costs for each Popbar Shop it develops, subject to inflation and other increases over time. If you are a Multi-Unit Operator, your professional fees (such as legal and financial) will probably be higher.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment, décor items, signs and related items we require, all of which must conform to the standards and specifications in our Manual (as defined in Item 11) or otherwise in writing. You may not install or permit to be installed on the Shop premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

To make sure that the highest degree of quality and service is maintained, you must operate the Shop in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. You must sell and offer for sale only those menu items, products and services that we have expressly approved for sale in writing. You must offer for sale all products and services required by us in the manner and style we require, including dine-in and carry-out services. You must not deviate from our standards and specifications without obtaining our written consent first. You must discontinue offering for sale any items, products and services we may disapprove in writing at any time. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or other methods (such as by email) of any changes in the standards and specifications.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Shop free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing

if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including production machinery, dryers, freezers, fridges, display showcases, point of sale, computer hardware and software), and other products used or offered for sale at the Shop solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. We do not make our supplier evaluation criteria available to you or any supplier.

We are the approved supplier for the production machinery, storage drawers, display showcases, Proprietary Product mixes and other ingredients you must purchase for your Shop. We have the right to earn a profit on the sale of these items to you. During the fiscal year ended December 31, 2020, we did not earn any revenue from the sale of these items to our franchisees. As of December 31, 2020, our affiliate received \$369,367.09 in revenue from required purchases of production machinery, storage, drawers, display showcases, Proprietary Product mixes and other ingredients.

The following officer listed in Item 2 has an ownership interest in us: Reuben Ben Jehuda. None of our officers has an ownership interest in any other approved supplier.

If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so, together with our then-current fee (currently \$1,500). We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. However, we will notify you within 90 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval. We may designate that certain required items may be purchased from any supplier.

We have and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our Proprietary Product mixes, proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us all of your requirements for those products. We may provide you at a reasonable cost certain collateral merchandise for resale that identifies the system (for example, caps and t-shirts): equipment decor items, other products and services.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which you must participate.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Shops in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom

you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Shops.

We and/or our affiliates may receive payments or other compensation from approved suppliers on account of the suppliers' dealings with us, you, or other Shops in the System, such as rebates, commissions or other forms of compensation. We do not currently receive these payments from approved suppliers, but if we do, we may use any amounts that we receive from suppliers for any purpose that we deem appropriate, unless otherwise negotiated with or required by the supplier. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 66% to 73% of your total purchases in establishing the Shop, and approximately 85% to 95% of your total purchases in the continuing operation of the Shop.

When determining whether to grant new or additional franchises we consider many factors, including compliance with the requirements described above.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Shop) and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our approval of the site for the Shop before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Shop before you sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease with us (Attachment 2 to the Franchise Agreement) which permits that your lease can be assigned to us on expiration or termination of your Franchise Agreement.

Before you open your Shop, you must obtain the insurance coverage's we require. Our current insurance requirements are included in the Operations Manual. We may modify our insurance requirements during the term of your Franchise Agreement, and any modifications will be communicated to you in our Manual or otherwise in writing. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an "occurrence" basis.

In addition to the coverage's required above, related to any construction, renovation or remodeling of the Shop, you must maintain builders' risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us. All of your insurance policies must name us, those of our affiliates that we specify, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insured's and must include a waiver of subrogation in favor of all those parties.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement, and MUOA means the Multi-Unit Operator Agreement.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA – Section 2 MUOA – Section 3	Items 8 and 11
b. Pre-opening purchases/leases	FA – Sections 6, 7 and 8	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Section 2	Items 1, 8 and 11
d. Initial and ongoing training	FA – Section 6	Items 5, 6 and 11
e. Opening	FA – Section 6	Items 5, 6 and 11
f. Fees	FA – Sections 3, 4, 5, 7, 8, 11, 14 and 18 MUOA – Sections 2 and 3	Items 5 and 6
g. Compliance with standards and policies/Manuals	FA – Sections 2, 3, 6, 8, 9, 10, 11 and 12	Items 11 and 14
h. Trademarks and proprietary information	FA – Sections 9 and 10 and Attachment 4 MUOA – Section 7	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Section 7 MUOA – Section 7	Items 8 and 16
j. Warranty and customer service requirements	FA – Section 7	Item 8
k. Territorial development and sales quotas	MUOA – Section 3	Item 12
l. Ongoing product/service purchases	FA – Section 7	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Sections 2, 7 and 14	Items 8 and 11
n. Insurance	FA – Section 12	Items 7 and 8
o. Advertising	FA – Section 8	Items 6, 8 and 11
p. Indemnification	FA – Section 15 MUOA – Section 14	Item 6

Obligation	Section in Agreement	Disclosure Document Item
q. Owner's participation/management/staffing	FA – Sections 6, 14, 15 and 19 MUOA – Section 7	Items 1, 11 and 15
r. Records and Reports	FA – Sections 4, 7 and 11	Item 6
s. Inspections and audits	FA – Sections 2, 7 and 11 MUOA – Section 12	Items 6, 8 and 11
t. Transfer	FA – Section 14 MUOA – Section 11	Items 6 and 17
u. Renewal	FA – Section 3 MUOA – Section 5	Items 6 and 17
v. Post-termination obligations	FA – Section 18 MUOA – Section 10	Items 6 and 17
w. Non-competition covenants	FA – Section 10 and Attachment 4 MUOA – Section 12	Item 17
x. Dispute Resolution	FA – Section 19 MUOA – Section 19	Items 6 and 17
y. Liquidated Damages	FA –Section 18	Item 6

ITEM 10 **FINANCING**

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

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

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

Pre-Opening Obligations

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we will provide you with the following assistance:

1. We will grant to you exclusive rights to an Exclusive Area within which you will assume the responsibility to establish and operate an agreed-upon number of Popbar Shops under separate Franchise Agreements (Multi-Unit Operator Agreement – Section 1.1).
2. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Shop (Multi-Unit Operator Agreement – Section 8.1).
3. We will provide you with standard specifications and layouts for building and furnishing the Shop (Multi-Unit Operator Agreement – Section 8.2).

4. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Operator Agreement – Section 8.3).

5. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Shop (Multi-Unit Operator Agreement – Section 8.4).

6. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.5).

Franchise Agreement: Before the opening of a Shop we will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1.) We will also designate your territory.

2. On loan, one set of prototypical architectural and design plans and specifications for a Shop for adaptation by you, at your expense. (Franchise Agreement, Section 5.3.)

3. On loan, our Confidential Operations Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.4 and 10.1.)

4. A list of our approved suppliers, which is subject to change during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.9 and 7.4.)

5. An initial training program at our headquarters, as described below. (Franchise Agreement, Sections 5.10 and 6.4.)

6. Sell to you the required equipment and Proprietary Product mixes, as described in Item 5.

7. Provide you with one of our representatives for up to seven days to assist in the opening of your Shop (up to a maximum of five Shops). You must reimburse the expenses we incur related to sending our representative to you, including travel, lodging and meals. If you own more than five Shops, then you must form a training program according to our specifications and to be approved by us. If you own more than five Shops and you request that we provide opening assistance, you must pay our then-current rate for on-site training and assistance (see Item 6) and you must reimburse our representative's expenses.

Post-Opening Obligations

Franchise Agreement: During the operation of a Shop we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Shop and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Sections 5.5 and 7.5.6.)

2. Advertising and promotional materials for in-store marketing and Local Advertising for the Shop at a reasonable cost to you. (Franchise Agreement, Section 5.6.)

3. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Shop, including new developments and improvements in equipment, food products, recipes, packaging and preparation. (Franchise Agreement, Section 5.7.)

4. Training programs and seminars and other related activities regarding the operation of the Shop as we may conduct for you or Shop personnel generally, which may be mandatory for you, your General Manager and other Shop personnel. (Franchise Agreement, Section 6.4.2.)

5. At your request, additional on-site training at your Shop. You must pay our hourly fee for each trainer providing the training as well as reimburse our expenses (see Item 6). (Franchise Agreement, Section 6.4.4.)

6. Administration of the ADF. (Franchise Agreement, Sections 8.3 and 8.4.)

7. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 9.4.)

8. Sell to you your continuing supply of Proprietary Product mixes.

9. Hold a franchisee convention (not more frequently than annually) and periodic refresher training, all of which may be designated as mandatory for you and/or your General Manager. You must pay our then-current fees related to any refresher training and franchisee convention, as well as any expenses you and your attendees incur. We reserve the right to include refresher training with the franchisee convention.

10. Set the maximum prices that you may charge for products available at your Shop.

Grand Opening Advertising: You must conduct an advertising campaign announcing the grand opening of your Shop (see Item 7 for the amount you must spend). Your grand opening advertising campaign must be conducted in the 90-day period comprising 30 days before and 60 days after the opening of your Shop and must include promotional giveaways such as t-shirts and free popbars. You must submit to us, for our approval, the proposed grand opening advertising campaign before you conduct the campaign. At our request, you must give us the money for your grand opening advertising campaign, and we will conduct the campaign on your behalf.

Advertising and Development Fund (ADF): We have created and established an Advertising and Development Fund (the “ADF”) to advertise the System and the products offered by Popbar Shops on a regional or national basis. You must contribute to the ADF a 2% of the Gross Sales of the Shop, to be paid on or before each Wednesday for the preceding week (Monday through Sunday). In the calendar year ended December 31, 2020, 5% toward store promotions, 50% toward administration expenses, 40% toward Social Media, and 5% toward miscellaneous expenses and fees. None of the total advertising expenditure was used primarily on solicitation of new franchisees.

The ADF is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The ADF is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Shops operating under the System. Any Shops operated by us or our affiliates will contribute

to the ADF generally on the same basis as you. In administering the ADF, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to make sure that any particular franchisee benefits directly or pro rata from the placement of advertising.

2. The ADF may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; development and maintenance of our Website; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the ADF will be maintained in a separate account. We may reimburse ourselves out of the ADF for our reasonable administrative costs and expenses that we may incur in the administration or direction of the ADF and advertising programs for you and the System. The ADF and its earnings will not otherwise benefit us. The ADF is operated solely as a conduit for collecting and expending the advertising fees as outlined above. Any sums paid to the ADF that are not spent in the year they are collected will be carried over to the following year.

3. We will prepare an annual statement of the operations of the ADF that will be made available to you if you request it. We are not required to have the ADF statements audited.

4. Although the ADF is intended to be perpetual, we may terminate the ADF at any time. The ADF will not be terminated until all monies in the ADF have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the ADF, we have the right to reinstate it at any time and you must again contribute to the ADF.

5. We may require you to allocate differing amounts to local advertising (individually or through a cooperative) or to the ADF, but the total amount will not exceed 3% of Gross sales. You must pay the ADF contribution by electronic funds transfer from a current and active bank account.

We currently advertise the Shops and the products offered by the Shops primarily using point of purchase advertising materials, direct mail, electronic and internet marketing, public relations and promotions, and print media. As the number of Shops in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper advertising campaigns, and direct mail and outdoor billboard advertising. The majority of our advertising is developed by members of our staff or third-party consultants. Once the franchise program has been established, we contemplate advertising on a national, regional and local basis through the use of the ADF, Local Advertising and Cooperatives (described below).

Local Advertising Requirement: You must conduct Local Advertising in your territory, and you must spend not less than 1% of your Shop's Gross Sales each month for Local Advertising. If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your Local Advertising obligations, if first approved in writing by us. We must approve all advertising before you use it. You must not advertise or use our Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication without our express written consent. You must provide us with an advertising expenditure report within 30 days of our request to show that you have complied with the Local Advertising requirements. Payments for local advertising are due when billed by local advertiser. We may require you to submit paid invoices for auditing.

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our specific approval of the proposed advertising

materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as “Franchises Available” and our website address and telephone number.

Cooperative Advertising: We may designate any geographic area in which two or more Shops are located as a region for purposes of establishing an advertising Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Shops, whether operated by us, our affiliates or our franchisees. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval as described above, promotional materials for use by the members in Local Advertising. If a Cooperative has been established for a geographic area where your Shop is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Shop will be located will be provided to you if you request it.

All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently there are no Cooperatives in the System. The Cooperative is not required prepare an annual financial statement.

Neither the ADF nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises for Shops.

Except as described above, we are not obligated to spend any amount on advertising in your territory.

Website / Extranet: Websites (as defined below) are considered as “advertising” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Popbar Shop, Proprietary Marks, us, or the System. The term Website includes internet and world wide web home pages.

In connection with any Website, or any apps that we may introduce, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the internet will be through one or more web pages that we establish on our Website.

We will have the right to establish a website, including but not limited to any apps that we may introduce, or other electronic system providing private and secure communications (*e.g.*, an extranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. Additionally, we may

periodically prepare agreements and policies concerning the use of the extranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Shop or using the Proprietary Marks in any manner on any social and/or networking Websites, such as Facebook, FourSquare, Instagram, LinkedIn, MySpace and Twitter, without our prior written consent.

Advisory Council: We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Popbar Shops, advertising conducted by the ADF, and any other matters that we deem appropriate. Members of the advisory council will include our representatives and franchisee representatives. Franchisee representatives may be chosen by us or may be elected to the council by other franchisees in the System. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. If you are chosen or elected to participate in the council, you will pay any costs related to your involvement, such as expenses you may incur to attend council meetings.

Training: No later than 30 days before the date the Shop begins operation, you and/ or your General Manager must attend and complete, to our satisfaction, our initial training program. We will conduct this training at our corporate headquarters in New York City or at another location we designate. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Shops being opened and the timing of the scheduled openings of Shops.

Instructors and training materials for the initial training of you and your General Manager is included in the initial franchise fee, but you must pay the expenses incurred by you and your trainees while attending training. You may also have additional personnel trained by us for the Shop, at your expense (see Item 6). We will determine whether you and the General Manager have satisfactorily completed initial training. If you do not complete the initial training course to our satisfaction, you must re-take the training program at your expense, including payment of our then-current hourly fee. If you do not successfully complete the training program a second time, we reserve the right to terminate your Franchise Agreement.

If the General Manager does not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Shop. Any General Manager subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that manager to the headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training (see Item 6). You must also pay for all expenses you, your General Manager and other personnel incur for any training program, including costs of travel, lodging, meals and wages.

For the opening of the Shop, we will provide you with one of our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and assistance to you for up to seven days around your Shop's opening. You must reimburse our representative's expenses in providing opening assistance, including travel, lodging and meals. If you own more than five Shops, then you must form a training program according to our specifications and to be approved by us. If you own more than five Shops and you request that we provide opening assistance, you must pay our then-current rate for on-site training and assistance (see Item 6) and you must reimburse our representative's expenses.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Shop, you must pay our then-current hourly fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals (see Item 6).

Our training program is overseen by Reuben Ben Jehuda. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from two to 10 years. Reuben Ben Jehuda and other authorized Popbar personnel will provide training. We may also draw on the experience of our personnel in conducting Shop operations training. The instructional materials used in the initial training consist of our Operations Manual, marketing and promotion materials, programs related to the operation of the point of purchase system, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Opening Duties	0.5	2	Franchisor Store
Register Operations	0.5	2	Franchisor Store
Lab	0.5	4	Franchisor Store
Closing Duties	0.5	2	Franchisor Store
Effective Inventory Procedures	0.5	2	Franchisor Store
Sales Reporting	1	2	Franchisor Store
H2H – Delivering an Engaging Guest Experience	1	2	Franchisor Store
Orientation	2	0	Franchisor Corporate Office

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual experience or needs of those persons being trained.

In addition to the initial training program and any additional on-site assistance or training you request, as described above, we may offer refresher training programs or an annual meeting of our franchisees. We may designate that attendance at any refresher training program or annual meeting is mandatory for you and/or your General Manager. You must pay any fees we may charge for the franchisee convention and any refresher training, and you must pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages.

Operations Manual: The Table of Contents for our Operations Manual is attached to this Disclosure Document as Exhibit E. Our Operations Manual contains approximately 50 pages.

Site Selection and Opening: You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Shop and for constructing and equipping the Shop at the accepted site. You will select the site for the Shop subject to our approval and using our site submittal forms and/or criteria. The Shop may not be relocated without first obtaining our written consent. Before you lease or purchase the site for the Shop, you must locate a site that satisfies our site selection guidelines. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site.

You must submit information and materials for the proposed site to us for approval no later than 90 days after you have signed the Franchise Agreement. We will have 30 days after we receive this information and materials from you to approve or disapprove the proposed site as the location for the Shop. If we do not provide our specific approval of a proposed site, the site is deemed not approved. We do not warrant or guarantee that your Shop will be successful at any site that we approve. Our approval only means that the site meets our requirements for a Shop.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic. We may use these and other factors, including general location and neighborhood, traffic patterns (including foot traffic), availability of parking, and ease of access to the location, in our review of your proposed site.

We estimate that the time from when the Franchise Agreement is signed to the opening of the Shop will be approximately four to six months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Shop, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Shop, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Shop, including purchasing inventory and supplies. You must open the Shop and begin business within six months after the Franchise Agreement is signed, unless you obtain a written extension of this time period from us. If you are unable to find a suitable location for your Shop within 90 days after you sign the Franchise Agreement, or if you and/or your General Manager are unable to complete our initial training program to our satisfaction (after giving you an opportunity to designate a replacement General Manager), we reserve the right to terminate your Franchise Agreement without refunding any portion of the initial franchise fee.

If you are a Multi-Unit Operator, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Shop is the same as for an individual franchisee.

Computer and Point of Sale Systems: You must purchase and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system is used to collect and monitor point of sale information and to create business reports and may be used to collect and monitor inventory control and shrinkage, payroll and accounting information, gift cards and loyalty program, on-line orders and credit card processing.

The computer system is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed telecommunication line (such as T-1, DSL or cable modem) in accordance with our specifications to permit us to access the point of sale (or other computer hardware and software) at the Shop premises as described above. This will permit us to electronically inspect and monitor information concerning your Shop's Gross Sales and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at the times and in the manner we specify, at your cost.

You must purchase the point of sale system we specify, including the peripheral equipment we require. Our specific requirements will be included in our Manual. Unless we designate an approved supplier for this system, you may purchase the point of sale system from any authorized seller. We expect that the point of sale system will cost between \$1,000 and \$3,000. You must also purchase a maintenance contract for your point of sale system, the cost will depend, in part, on the services you choose and the length of the contract. Some maintenance contracts average \$65 to \$300 per month per system. We reserve the right to change the designated point of sale system in the future.

You must obtain any upgrades and/or updates to the software used with the point of sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point of sale system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale system or the cost of any update and/or upgrade. Neither we nor any of our affiliates has any responsibility to provide you with any maintenance, updates and/or upgrades for your point of sale system.

You must obtain and maintain internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access to your computer and point of sale system at all times and in the manner that we specify.

You must participate in the on-line ordering system we designate, which will permit your customers to order menu items on-line for pick up at your Shop.

ITEM 12 **TERRITORY**

Franchise Agreement: Your Franchise Agreement will specify the site that will be the Approved Location for your Shop. Your Franchise Agreement may also specify a territory (the "Territory"). If your Shop is located in a non-traditional site, as described below, or in a major metropolitan location, we have the right to not grant you a Territory. The size and scope of the Territory will be contained in the Franchise Agreement and will be determined according to whether the Approved Location is an urban area or a suburban area. The Territory is not the same area as, and will be smaller than, the trade area in which you will be looking for a site. We will provide you with information regarding our classification of each portion of your trade area as urban or suburban. If your Shop will be located at a non-traditional site (such as mall food courts, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) or in a major metropolitan area, you will not be granted a Territory. The maximum area that may be granted in a suburban area is up to a five-mile radius. For more densely populated urban areas, we reserve the right to limit the Territory size.

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. During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Shop in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below.

There are no circumstances under which the Territory may be altered before your Franchise Agreement expires or is terminated. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

If, during the term of the Franchise Agreement, you wish to relocate your Shop, or if the Shop is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for the Shop. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Popbar Shop and is located within your Territory, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement. We will use the same criteria for a relocated site as we use for a new site for a Popbar Shop.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Shops, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Shops and any other goods through similar or dissimilar channels of distribution, both within and outside the Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Shops located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Shops; (c) to operate and to grant others the right to operate Shops at Non-Traditional Sites within and outside the Territory under any terms and conditions we deem appropriate; and (d) the right to acquire and operate a business operating one or more shops or food service businesses located or operating in your Territory.

You may sell our products to retail customers and prospective retail customers who live anywhere but who choose to dine at or from your Shop. You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or deliver any products to customers located outside of your Territory, unless the customer is located in an area where there is not another Popbar Shop in operation. You have no options, rights of first refusal, or similar rights to acquire additional franchises, except that if your Shop is located in a suburban area we may, but are not required to, grant you a right of first refusal to purchase additional Shop franchises within a limited area that is next to or near your Territory.

You are strictly prohibited from selling any products to any business or other customer at wholesale. You have no right to provide catering services from your Shop unless we give you permission to do so and you comply with our policies and guidelines regarding catering. If you wish to provide delivery

service from your Shop, you must first receive our prior written consent to do so and any delivery activities you conduct must be according to our policies and guidelines.

We and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution other than a Popbar Shop, including sales through channels of distribution such as the internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels. Any orders placed through our Website for non-menu items (such as memorabilia) will be fulfilled by us and you will not receive any portion of our revenue from these sales, even if the order is delivered to a customer within your Territory.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Shop which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we grant you the right to develop and operate the number of Popbar Shops in the Exclusive Area that is specified in the Development Schedule, which is an attachment to the Multi-Unit Operator Agreement. The Exclusive Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Exclusive Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Exclusive Area is not an assurance or warranty that there are a sufficient number of suitable sites for Shops in the Exclusive Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the Development Schedule.

Except as described below, during the term of the Multi-Unit Operator Agreement, we and our affiliates will not operate or grant a franchise for the operation of Shops to be located within the Exclusive Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Operator Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Exclusive Area may, in our discretion, include the right to develop Shops at any Non-Traditional Site.

Except as expressly limited by the Multi-Unit Operator Agreement, we and our affiliates retain all rights with respect to Popbar Shops, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Shops and any other goods through similar or dissimilar channels of distribution, both within and outside the Exclusive Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Shops located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to your Shops; (c) to operate and to grant others the right to operate Shops at Non-Traditional Sites within and outside the Exclusive Area under any terms and conditions we deem appropriate; and (d) the right to acquire and operate a business operating one or more Shops or food service businesses located or operating in your Exclusive Area.

After you have completed the Development Schedule, if we believe that it is desirable to establish additional Shops within the Exclusive Area, and if you are in compliance with your Multi-Unit Operator Agreement, we will offer you the right to develop these additional Shops. You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another multi-unit operator or to develop the Shops ourselves.

To maintain your rights under the Multi-Unit Operator Agreement you must have open and in operation the cumulative number of Popbar Shops stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Multi-Unit Operator Agreement.

In addition, upon the earlier of the expiration of the term of the Multi-Unit Operator Agreement or upon your execution of a Franchise Agreement for the last Popbar Shop to be developed within the Exclusive Area, your exclusive rights under the Multi-Unit Operator Agreement with respect to the Exclusive Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Shops within the Exclusive Area. This right will be subject only to the territorial rights under the franchise agreements signed by you for Shops in the Exclusive Area. The Exclusive Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Exclusive Area, except that you must meet your Development Schedule.

ITEM 13 **TRADEMARKS**

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us, including the Marks described in Item 1. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Shop. The Multi-Unit Operator Agreement does not give you the right to use the Marks or our System.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our or our Affiliate's rights in and to the Marks.

Our Affiliate has applied for registration of the following principal Mark with the U.S. Patent and Trademark Office ("USPTO"). Our Affiliate intends to file all required affidavits and to renew its registrations for the Marks when they become due.

Mark	Registration Date	Registration Number	Register
Pop Bar	August 9, 2011	4,010,074	Principal
PopGelato	December 16, 2014	4,655,599	Principal
PopGelato	June 9, 2015	4,750,567	Principal
	April 28, 2015	4,726,355	Principal

Mark	Registration Date	Registration Number	Register
PopSorbetto	June 23, 2015	4,758,421	Principal
PopBites	July 14, 2015	4,772,700	Principal
poppings	June 16, 2015	4,754,280	Principal
	August 11, 2015	4,789,167	Principal
miniPop	December 15, 2015	4,872,293	Supplemental
Handcrafted Gelato on a Stick	September 13, 2016	5,043,092	Supplemental
popBun	October 11, 2016	5,057,555	Principal
popWich	February 13, 2018	5,399,867	Principal
	December 19, 2017	5,361,615	Supplemental
popStuffed	November 13, 2018	5,606,415	Principal
popYogurt	May 21, 2019	5,754,777	Principal

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

There are no agreements currently in effect which limit our right to use or to license others to use the Marks, except for the trademark license agreement between us and our Affiliate dated June 24, 2010. This trademark license agreement is perpetual, except that if the Master Franchise Agreement is terminated or expires without renewal, the trademark license agreement will automatically terminate.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted to existing franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We have no patents or registered copyrights that are material to the franchise.

Confidential Manuals: You must operate the Shop in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Shop, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Shop premises.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also make sure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information: We claim proprietary rights in certain of the recipes which are included in the Manual and which are our trade secrets. You and each of your Principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other

person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Shop that may be communicated to you or any of your Principals or that you may learn about, including these trade secrets. You and each of your Principals may divulge this confidential information only to your employees who must have access to it to operate the Shop. Neither you nor your Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential. If you attempt to reverse engineer or duplicate in any fashion the required production machinery and/or any proprietary ingredients or recipes, you will be in default of your Franchise Agreement and we will have the right to terminate your Franchise Agreement without giving you the opportunity to cure the default. You must have your General Manager and any of your personnel who have received or will have access to confidential information sign confidentiality covenants similar to the ones described above.

If you, your Principals, General Manager or employees develop any new concept, process or improvement in the operation or promotion of the Shop, you must promptly notify us and give us all necessary information, free of charge. You, your Principals, General Manager and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15 **OBLIGATION TO PARTICIPATE IN THE ACTUAL** **OPERATION OF THE FRANCHISED BUSINESS**

When you sign your agreement, you must designate and retain at all times an individual to serve as the General Manager. If you are an individual, we recommend that you be the General Manager. However, even if you hire someone to be your General Manager, you must still be involved in the daily operation of your Shop. The General Manager must be responsible for the supervision and management of the Shop and must devote full time and best efforts to this activity. The General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, must satisfy our applicable training requirements, and must be individually acceptable to us. If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the General Manager stops serving or no longer meets the requirements. In our discretion, we may require that your General Manager own at least a 10% interest in you. All General Managers must be Popbar certified and have completed our training program. From time to time we may ask General Managers to become re-certified to be updated on new operations or if current operations are lacking.

You must also retain other personnel as are needed to operate and manage the Shop. Your General Manager and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality and Non-Competition Agreement which is attached to our Franchise Agreement as Attachment 4. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms. We have the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph. If your Shop is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty which is attached to our Franchise Agreement as Attachment 8.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Shop at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We may require you to sell menu items at the maximum prices we determine, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	3.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier
b. Renewal or extension of the term	3.2	Agreement may be renewed at your option for one additional term of 10 years

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	3.2	You must provide notice that you wish to renew your Franchise Agreement 12 to 18 months before the Franchise Agreement expires; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade equipment; you must sign release, sign renewal Franchise Agreement and pay renewal fee You may be asked to sign a contract with materially different terms and conditions than your original contract, except the boundaries of your territory will not change, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with “cause”	17.1.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. “Cause” defined – curable defaults	17.1.3 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within five days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice. In the event of a default, we reserve the right to take over all operations. To include lease, equipment, and labor.
h. “Cause” defined – defaults which cannot be cured	17.1.2 and 17.1.3	We may terminate you for cause if you fail to cure certain defaults, including: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition

Provision	Section in Franchise Agreement	Summary
		initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Shop when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Shop premises, are convicted of a felony or other crime that may have an adverse affect on the System or Marks, transfer any interest without our consent or maintain false books or records, attempts to reverse engineer or copy required machinery, proprietary ingredients and/or proprietary recipes. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us, at our discretion. This is known as a cross-default provision. In the event of a default, we reserve the right to take over all operations. To include lease, equipment, and labor.
i. Franchisee’s obligations on termination/non-renewal	18	Obligations include: You must stop operating the Shop and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials (including the production machinery, dryers, Storage Drawers and Display Trays), comply with confidentiality requirements, pay liquidated damages, and at our option, sell or assign to us your rights in the Shop premises and the equipment and fixtures used in the business
j. Assignment of contract by Franchisor	14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k. “Transfer” by franchisee – defined	14.2.1	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Shop or you (if you are not a natural person)

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent
m. Conditions for franchisor approval of transfer	14.2.2	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, attend training and sign current Franchise Agreement
n. Franchisor's right of first refusal to acquire franchisee's business	14.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions
o. Franchisor's option to purchase franchisee's business	18.11	We have the right to repurchase assets on termination or non-renewal of your Franchise Agreement
p. Death or disability of franchisee	14.5	Upon your death or permanent disability (if you are a natural person) or upon the death or permanent disability of a Principal, distributee must be approved by us, or franchise must be transferred to someone approved by us within 12 months after death or within six months after notice of permanent disability
q. Non-competition covenants during the term of the franchise	10.3.1	You are prohibited from operating or having an interest in a similar business
r. Non-competition covenants after the franchise is terminated or expires	10.3.2	You and your Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 50 miles of any Shop in the System
s. Modification of the agreement	10.1.5 and 19.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Manual, as it may be amended
t. Integration/merger clause	19.2	Only the terms of the Franchise Agreement are binding (subject to applicable state law). No other representations or promises will be binding
u. Dispute resolution by arbitration or mediation	19.7, 19.8, 19.9, 19.10 and 19.11	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated and arbitrated in New York

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	19.8	The venue for all proceedings related to or arising out of the Franchise Agreement is New York City, unless otherwise brought by us (see Disclosure Document Addendum and State Amendments to Agreements)
w. Choice of Law	19.8	The Franchise Agreement is to be interpreted, governed and construed under New York law (see Disclosure Document Addendum and State Amendments to Agreement)

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Multi-Unit Operator Agreement	Summary
a. Term of the Multi-Unit Operator Agreement	6	Length of the Development Schedule
b. Renewal or extension of the term	5	After all Shops have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement
c. Requirements for you to renew or extend	Not applicable	
d. Termination by you	Not applicable	The Agreement does not provide for this, but you may seek to terminate on any grounds available to you at law
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	9	We can terminate if you commit any one of several listed violations
g. “Cause” defined – defaults which can be cured	9	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Shop before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Shop before a Franchise Agreement for that Shop has been signed

Provision	Section in Multi-Unit Operator Agreement	Summary
h. “Cause” defined – defaults which cannot be cured	9	Failure to meet your development schedule; failure to comply with applicable laws; if all of your Shops stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your Principals of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i. Your obligations on termination/non-renewal	10	You must stop selecting sites for Shops, and you may not open any more Shops
j. Assignment of contract by us	11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Operator Agreement
k. “Transfer” by you – definition	11	Includes transfer of any interest in the Multi-Unit Operator Agreement
l. Our approval of transfer by you	11	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for our approval of transfer	11	Conditions for transfer include not being in default, all debts are paid, the buyer meets our current criteria for new multi-unit operators, execution of a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations
n. Our right of first refusal to acquire your business	11	We have the right to match the offer to purchase your Business
o. Our option to purchase your business	Not applicable	
p. Your death or disability	11	Upon your death or permanent disability (if you are a natural person) or upon the death or permanent disability of a Principal, the interest must be transferred to an approved party within 12 months
q. Non-competition covenants during the term of the franchise	12	May not divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	12	No competing business for two years and within 50 miles of any Shop in the System

Provision	Section in Multi-Unit Operator Agreement	Summary
s. Modification of the agreement	18	No modifications except by mutual agreement of the parties
t. Integration/merger clause	18	Only the terms of the Multi-Unit Operator Agreement are binding (subject to state law)
u. Dispute resolution by arbitration or mediation	19	Except for certain claims, all disputes must be mediated and arbitrated in New York City (subject to state law)
v. Choice of forum	19	Mediation and arbitration in New York City (subject to state law)
w. Choice of law	18	New York applies (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 outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Reuben Ben Jehuda at 5 Carmine Street, New York, New York, 10014, and (212)444-8141, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
Systemwide Outlet Summary
For years 2018, 2019, 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	14	18	+4
	2019	18	23	+5
	2020	23	19	-4
Company-Owned	2018	1	1	0
	2019	1	1	0
	2020	1	1	0
Total Outlets	2018	15	19	+4
	2019	19	24	+5
	2020	24	20	-4

TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018, 2019, 2020

State	Year	Number of Transfers
None	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

TABLE NO. 3
Status of Franchised Outlets
For years 2018, 2019, 2020

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	2018	2	0	1	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	1	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
California	2018	7	3	2	0	0	1	7
	2019	7	2	0	0	0	1	8
	2020	8	0	0	0	0	1	7
Florida	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Georgia	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
New Jersey	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
North Carolina	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
Texas	2018	3	5	0	0	0	0	8
	2019	8	1	0	0	0	0	9
	2020	9	0	0	0	0	4	5
Total	2018	14	8	3	0	0	1	18
	2019	18	6	0	0	0	1	23
	2020	23	2	1	0	0	5	19

TABLE NO. 4
Status of Company-Owned Outlets
For years 2018, 2019, 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
New York	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Total	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

As described in Item 1, we do not own or operate a business of the type being franchised, but our Affiliate owns and operates one Shop in New York.

TABLE NO. 5
Projected Openings as of December 31, 2020

States	Franchise Agreements Signed But Shop Not Open	Projected Franchised Shop Openings	Projected Company-Owned Shop Openings
California	2	2	0
Georgia	0	1	0
Louisiana	1	1	0
South Carolina	1	1	0
Texas	0	1	0
Total	4	6	0

A list of the names of all franchisees and multi-unit operators and the addresses and telephone numbers of their franchises will be provided in Exhibit D to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit operator who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable 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 will be listed on Exhibit D to this disclosure document when applicable. **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 any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Popbar System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Popbar System.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financials for the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020.

Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

- | | | |
|----|-------------------------------|-----------|
| 1. | Franchise Agreement | Exhibit B |
| 2. | Multi-Unit Operator Agreement | Exhibit C |
| 3. | Form of General Release | Exhibit H |

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

POP BAR FRANCHISING, LLC

A Development Stage Company

Financial Statements

December 31, 2020

IRA D. GANZFRIED, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

251 FIFTH AVENUE

NEW YORK, N.Y. 10016

(212) 686-9310

FAX (212) 686-4489

INDEPENDENT AUDITORS' REPORT

**The Members
Pop Bar Franchising, LLC
New York, New York**

We have audited the accompanying financial statements of Pop Bar Franchising, LLC (a development stage company) (a New York Limited Liability Company), which comprise the balance sheet as of December 31, 2020, and the related statements of operations and members' equity (deficiency), and cash flows for the year then ended and the related notes to the financial statements.

MANAGEMENT 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.

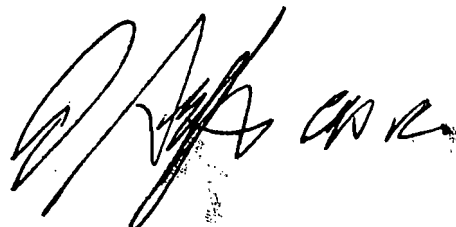
AUDITORS' RESPONSIBILITY – Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of Pop Bar Franchising, LLC as of December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**IRA D. GANZFRIED CPA, P.C.
New York, New York
March 23, 2021**



POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2020

	Page
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statements of Operations and Members' Equity (Deficiency).....	3
Statements of Cash Flows.....	4
NOTES TO FINANCIAL STATEMENTS.....	5-7

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2020

ASSETS

Current Assets

Cash	\$ 124,596
Loan to Pop Bar International	75,000
Loan to Pop Bar, LLC	1,168,334
Due from Related Company	<u>122,173</u>
	\$ 1,490,103
	=====

LIABILITIES AND MEMBERS' EQUITY (DEFICIENCY)

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 36,352
Deferred Revenue	<u>-0-</u>
Total Current Liabilities	36,352

OTHER LIABILITIES

SBA loan	<u>150,000</u>
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MEMBERS' EQUITY (DEFICIENCY)

Members Equity	1,303,751
	\$ 1,490,103
	=====

See Notes to Financial Statements.

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2020

For the
Year Ended
December 31, 2020

Revenue	\$ 265,801
Cost of Goods Sold	-0-
General & Administrative	<u>71,278</u>
Net Income (loss) Before Other Income Expenses	<u>194,523</u>
Other Income – EIDL Grant	<u>1,000</u>
Net Income (Loss)	195,523
Members' Equity – Beginning	1,108,228
Member's Contributions (Draw)	<u>-</u>
Members' Equity – End	<u>\$ 1,303,751</u> =====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2020

For the
Year Ended
December 31, 2020

Cash Flows From Operating Activities

Net Income	\$ 195,523
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:	
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Franchise Fees Receivable	-0-
Increase (Decrease) In:	
Accounts Payable & Accrued Expenses	<u>11,806</u>
	<u>\$207,329</u>

Cash Flows from Financing Activities

Advances to Related Parties	(380,384)
SBA Loan Proceeds	<u>150,000</u>
	<u>(230,384)</u>

Net Increase (Decrease) In Cash (23,055)

Cash – Beginning 147,651

Cash – End \$ 124,596
=====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2020

1. THE COMPANY

Pop Bar Franchising, LLC (the "Company") is a limited liability company formed in the State of New York on February 9, 2010. The Company is a development stage company and was formed to grant the rights to own and operate Popbar stores or kiosks, which prepare and sell gelato, sorbet and yogurt served on a stick, coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products to the public for consumption. The company was licensed the rights to grant franchises by an affiliate referred to in Note 6. The Company shall grant each franchisee a transferable right and license to use the *system*, the proprietary marks, and to market, sell and provide the approved products and services in accordance with the system. The system consists of certain trademarks, service marks, and commercial symbols, and commercial symbols, including the mark Popbar, certain store design, décor, and image, all of which the Company may modify from time to time.

In 2020, the Company sold 2 franchises, of which 2 have not opened as of December 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Cash Equivalents** – Cash equivalents, if any, consist of liquid investments with maturities of three month or less at the time of purchase.

- b. **Revenue Recognition** –

Franchise Fee Income – Nonrefundable initial franchise fees are recognized as revenue at the time all material services required to be provided by the Company have been substantially performed.

Royalty Fee Income – Royalty fee income is recognized monthly as a percentage of gross sales.

- c. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.
- d. **Accounts Receivable** – Accounts receivable are recorded at their estimated realizable value after reduction for an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts is determined primarily through specific identification and evaluation of significant past due amounts supplemented by an estimate applied to the remaining balance of past due accounts, which is based on historical experience. At December 31, 2016 no allowance for doubtful accounts was deemed necessary.
- e. **Income Taxes** – The Company, which has been classified as a partnership for federal income tax purposes, is not subject to federal and state income taxes and, accordingly, makes no provision for income taxes in its financial statements. The Company's taxable income or loss is reportable by its members.

The Company follows the accounting for uncertainty in income taxes guidance, which clarifies the accounting and disclosures for uncertainty in income taxes recognized in the Company's financial statements and addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position.

The Company files Federal, New York State and California tax returns. The earliest tax year that is subject to examination by these taxing authorities related to the Company's operations is 2014.

The Company did not have material unrecognized tax benefits as of December 31, 2020 and does not expect this to change significantly over the next twelve months. The Company will recognize interest and penalties on any unrecognized tax benefits as a component of other expense. As of December 31, 2020 the Company has no accrued interest or penalties related to uncertain tax positions.

- f. **Advertising** – As part of the franchise agreement, the Company maintains a creative fund for the purpose of advertising the "system" on a regional and national basis, whereby the franchisees contribute a percentage of their gross sales. Advertising costs are expensed as incurred.
- g. **Fair Value Measurements** – The Financial Accounting Standards Board's *Fair Value Measurements* eliminated the diversity in practice that existed due to the different definitions of fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price), as opposed to the price that would be paid to acquire the asset or received to assume the liability at the measurement date (an entry price). A three-level hierarchy was established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – Inputs to the valuation methodology include prices similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the Fair value measurement of the asset or liability.

3 - DEVELOPMENT STAGE OPERATIONS

The Company has been formed to grant the rights to own and operate the Franchised Business. The Company has incurred legal, professional development and other expenses related to the implementation of franchise program.

4 - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. The Company places its cash with high credit quality institutions. At times, balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash in banks are insured by the FDIC up to \$250,000 per institution on interest bearing accounts, and are fully insured on noninterest bearing accounts through December 31, 2017. Beginning January 1, 2017, all accounts at an insured depository institution, including all noninterest bearing accounts, will be insured by the FDIC up to the standard maximum deposit insurance of \$250,000 per institution. The Company routinely assesses the financial strength of its franchisees and, as a consequence, believes that its account receivable credit risk exposure is limited.

5 - RELATED PARTIES

The principal mark, "Pop Bar," is owned by an affiliate of the Company, Pop Bar, LLC (the "Affiliate"), which licensed the marks to the Company, without any license fee.

The Company conducts operations in a facility in New York, owned by a related party, without charge.

As of December 31, 2020 the Company has loans receivable from related parties aggregating \$1,365,507. The noninterest bearing loans are payable after one year and are payable on demand after that time.

6 - SUBSEQUENT EVENTS

The Company evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the Coronavirus, economic uncertainties have arisen which are likely to negatively impact Company operations. However, the related financial impact and duration cannot be reasonably estimated at this time.

POP BAR FRANCHISING, LLC

A Development Stage Company

Financial Statements

December 31, 2019

POP BAR FRANCHISING, LLC

A Development Stage Company

Financial Statements

December 31, 2019

	Page
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statements of Operations and Members' Equity (Deficiency).....	3
Statements of Cash Flows.....	4
NOTES TO FINANCIAL STATEMENTS.....	5-7

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CERTIFIED PUBLIC ACCOUNTANTS
251 FIFTH AVENUE
NEW YORK, N.Y. 10016

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INDEPENDENT AUDITORS' REPORT

The Members
Pop Bar Franchising, LLC
New York, New York

We have audited the accompanying financial statements of Pop Bar Franchising, LLC (a development stage company) (a New York Limited Liability Company), which comprise the balance sheet as of December 31, 2019, and the related statements of operations and members' equity (deficiency), and cash flows for the year then ended and the related notes to the financial statements.

MANAGEMENT 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.

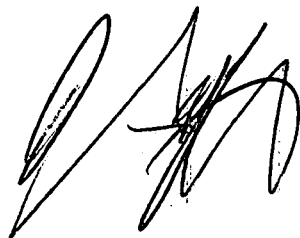
AUDITORS' RESPONSIBILITY – Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of Pop Bar Franchising, LLC as of December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

IRA D. GANZFRIED CPA, P.C.
New York, New York
April 29, 2020



CPA M

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2019

ASSETS

Current Assets

Cash	\$ 147,651
Loan to Pop Bar International	75,000
Loan to Pop Bar, LLC	787,950
Due from Related Company	<u>122,173</u>
	\$ 1,132,774
	=====

LIABILITIES AND MEMBERS' EQUITY (DEFICIENCY)

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 24,546
Deferred Revenue	<u>-0-</u>

Total Current Liabilities	24,546
---------------------------	--------

OTHER LIABILITIES

Due to Related Party	<u>-0-</u>
----------------------	------------

MEMBERS' EQUITY (DEFICIENCY)

Members Equity	1,108,228
	\$ 1,132,774
	=====

See Notes to Financial Statements.

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2019

For the
Year Ended
December 31, 2019

Revenue	\$ 552,360
Cost of Goods Sold	-0-
General & Administrative	<u>229,286</u>
Net Income (loss) Before Other Income Expenses	<u>323,074</u>
Other Income - Net	<u>-0-</u>
Net Income (Loss)	323,074
Members' Equity - Beginning	628,154
Member's Contributions (Draw)	<u>157,000</u>
Members' Equity - End	\$ 1,108,228 =====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2019

For the
Year Ended
December 31, 2019

Cash Flows From Operating Activities

Net Income \$ 323,074

Adjustments to Reconcile Net Income to Net Cash

Provided (Used) by Operating Activities:

Changes in Operating Assets and Liabilities:

(Increase) Decrease in:

Franchise Fees Receivable -0-

Increase (Decrease) In:

Accounts Payable & Accrued Expenses (15,000)

\$308,074

Cash Flows from Financing Activities

Advances to Related Parties (603,525)

Members Contributions 157,000

(446,525)

Net Increase (Decrease) In Cash (138,451)

Cash – Beginning 286,102

Cash – End \$ 147,651

=====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2019

1. THE COMPANY

Pop Bar Franchising, LLC (the "Company") is a limited liability company formed in the State of New York on February 9, 2010. The Company is a development stage company and was formed to grant the rights to own and operate Popbar stores or kiosks, which prepare and sell gelato, sorbet and yogurt served on a stick, coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products to the public for consumption. The company was licensed the rights to grant franchises by an affiliate referred to in Note 6. The Company shall grant each franchisee a transferable right and license to use the *System*, the proprietary marks, and to market, sell and provide the approved products and services in accordance with the System. The System consists of certain trademarks, service marks, and commercial symbols, and commercial symbols, including the mark Popbar, certain store design, décor, and image, all of which the Company may modify from time to time.

In 2019, the Company sold 3 franchises, of which 3 have not opened as of December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Cash Equivalents** – Cash equivalents, if any, consist of liquid investments with maturities of three month or less at the time of purchase.

- b. **Revenue Recognition** –

Franchise Fee Income – Nonrefundable initial franchise fees are recognized as revenue at the time all material services required to be provided by the Company have been substantially performed.

Royalty Fee Income – Royalty fee income is recognized monthly as a percentage of gross sales.

- c. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

- d. **Accounts Receivable** – Accounts receivable are recorded at their estimated realizable value after reduction for an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts is determined primarily through specific identification and evaluation of significant past due amounts supplemented by an estimate applied to the remaining balance of past due accounts, which is based on historical experience. At December 31, 2016 no allowance for doubtful accounts was deemed necessary.

- e. **Income Taxes** – The Company, which has been classified as a partnership for federal income tax purposes, is not subject to federal and state income taxes and, accordingly, makes no provision for income taxes in its financial statements. The Company's taxable income or loss is reportable by its members.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

The Company follows the accounting for uncertainty in income taxes guidance, which clarifies the accounting and disclosures for uncertainty in income taxes recognized in the Company's financial statements and addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position.

The Company files Federal, New York State and California tax returns. The earliest tax year that is subject to examination by these taxing authorities related to the Company's operations is 2014.

The Company did not have material unrecognized tax benefits as of December 31, 2019 and does not expect this to change significantly over the next twelve months. The Company will recognize interest and penalties on any unrecognized tax benefits as a component of other expense. As of December 31, 2019 the Company has no accrued interest or penalties related to uncertain tax positions.

- f. **Advertising** – As part of the franchise agreement, the Company maintains a creative fund for the purpose of advertising the "system" on a regional and national basis, whereby the franchisees contribute a percentage of their gross sales. Advertising costs are expensed as incurred.
- g. **Fair Value Measurements** – The Financial Accounting Standards Board's *Fair Value Measurements* eliminated the diversity in practice that existed due to the different definitions of fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price), as opposed to the price that would be paid to acquire the asset or received to assume the liability at the measurement date (an entry price). A three-level hierarchy was established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – Inputs to the valuation methodology include prices similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the Fair value measurement of the asset or liability.

3 - DEVELOPMENT STAGE OPERATIONS

The Company has been formed to grant the rights to own and operate the Franchised Business. The Company has incurred legal, professional development and other expenses related to the implementation of franchise program.

4 - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. The Company places its cash with high credit quality institutions. At times, balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash in banks are insured by the FDIC up to \$250,000 per institution on interest bearing accounts, and are fully insured on noninterest bearing accounts through December 31, 2017. Beginning January 1, 2017, all accounts at an insured depository institution, including all noninterest bearing accounts, will be insured by the FDIC up to the standard maximum deposit insurance of \$250,000 per institution. The Company routinely assesses the financial strength of its franchisees and, as a consequence, believes that its account receivable credit risk exposure is limited.

5 - RELATED PARTIES

The principal mark, "Pop Bar," is owned by an affiliate of the Company, Pop Bar, LLC (the "Affiliate"), which licensed the marks to the Company, without any license fee.

The Company conducts operations in a facility in New York, owned by a related party, without charge.

As of December 31, 2019 the Company has loans receivable from related parties aggregating \$985,123. The noninterest bearing loans are payable after one year and are payable on demand after that time.

6 - SUBSEQUENT EVENTS

The Company evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the Coronavirus, economic uncertainties have arisen which are likely to negatively impact Company operations. However, the related financial impact and duration cannot be reasonably estimated at this time.

POP BAR FRANCHISING, LLC

A Development Stage Company

Financial Statements

December 31, 2018

POP BAR FRANCHISING, LLC

A Development Stage Company

Financial Statements

December 31, 2018

	Page
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statements of Operations and Members' Equity (Deficiency).....	3
Statements of Cash Flows.....	4
NOTES TO FINANCIAL STATEMENTS.....	5-7

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INDEPENDENT AUDITORS' REPORT

**The Members
Pop Bar Franchising, LLC
New York, New York**

We have audited the accompanying financial statements of Pop Bar Franchising, LLC (a development stage company) (a New York Limited Liability Company), which comprise the balance sheet as of December 31, 2018, and the related statements of operations and members' equity (deficiency), and cash flows for the year then ended and the related notes to the financial statements.

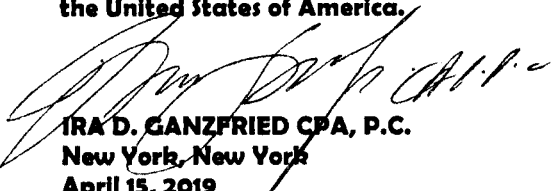
MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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.

AUDITORS' 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of Pop Bar Franchising, LLC as of December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**IRA D. GANZFRIED CPA, P.C.
New York, New York
April 15, 2019**

POP BAR FRANCHISING, LLC

A Development Stage Company

Financial Statements

December 31, 2018

ASSETS

Current Assets

Cash	\$ 286,102
Loan to Pop Bar International	75,000
Loan to Pop Bar, LLC	207,222
Due from Related Company	<u>99,376</u>
	\$ 667,700
	=====

LIABILITIES AND MEMBERS' EQUITY (DEFICIENCY)

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 39,546
Deferred Revenue	<u>-0-</u>

Total Current Liabilities	39,546
---------------------------	--------

OTHER LIABILITIES

Due to Related Party	<u>-0-</u>
----------------------	------------

MEMBERS' EQUITY (DEFICIENCY)

Members Equity	628,154
	\$ 667,700
	=====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2018

For the
Year Ended
December 31, 2018

Revenue	\$ 726,766
Cost of Goods Sold	-0-
General & Administrative	<u>408,189</u>
Net Income (loss) Before Other Income Expenses	<u>318,577</u>
Other Income – Net	<u>-0-</u>
Net Income (Loss)	318,577
Members' Equity – Beginning	709,577
Member's Draw	<u>(400,000)</u>
Members' Equity – End	\$ 628,154 =====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2018

For the
Year Ended
December 31, 2018

Cash Flows from Operating Activities

Net Income	\$ 318,577
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:	
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Franchise Fees Receivable	-0-
Increase (Decrease) In:	
Accounts Payable & Accrued Expenses	<u>30,314</u>
	\$ 348,891

Cash Flows from Financing Activities

Advances to Related Parties	(97,248)
Members Draw	<u>(400,000)</u>
	<u>(497,248)</u>

Net Increase (Decrease) In Cash (148,357)

Cash – Beginning 434,459

Cash – End \$ 286,102
=====

See Notes to Financial Statements.

IRA D. GANZFRIED, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POP BAR FRANCHISING, LLC

A Development Stage Company
Financial Statements
December 31, 2018

1. THE COMPANY

Pop Bar Franchising, LLC (the "Company") is a limited liability company formed in the State of New York on February 9, 2010. The Company is a development stage company and was formed to grant the rights to own and operate Popbar stores or kiosks, which prepare and sell gelato, sorbet and yogurt served on a stick, coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products to the public for consumption. The company was licensed the rights to grant franchises by an affiliate referred to in Note 6. The Company shall grant each franchisee a transferable right and license to use the *System*, the proprietary marks, and to market, sell and provide the approved products and services in accordance with the System. The System consists of certain trademarks, service marks, and commercial symbols, and commercial symbols, including the mark Popbar, certain store design, décor, and image, all of which the Company may modify from time to time.

In 2018, the Company sold 11 franchises, of which 9 have not opened as of December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Cash Equivalents** – Cash equivalents, if any, consist of liquid investments with maturities of three month or less at the time of purchase.

- b. **Revenue Recognition** –

Franchise Fee Income – Nonrefundable initial franchise fees are recognized as revenue at the time all material services required to be provided by the Company have been substantially performed.

Royalty Fee Income – Royalty fee income is recognized monthly as a percentage of gross sales.

- c. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.
- d. **Accounts Receivable** – Accounts receivable are recorded at their estimated realizable value after reduction for an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts is determined primarily through specific identification and evaluation of significant past due amounts supplemented by an estimate applied to the remaining balance of past due accounts, which is based on historical experience. At December 31, 2018 no allowance for doubtful accounts was deemed necessary.
- e. **Income Taxes** – The Company, which has been classified as a partnership for federal income tax purposes, is not subject to federal and state income taxes and, accordingly, makes no provision for income taxes in its financial statements. The Company's taxable income or loss is reportable by its members.

The Company follows the accounting for uncertainty in income taxes guidance, which clarifies the accounting and disclosures for uncertainty in income taxes recognized in the Company's financial statements and addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position.

The Company files Federal, New York State and California tax returns. The earliest tax year that is subject to examination by these taxing authorities related to the Company's operations is 2014.

The Company did not have material unrecognized tax benefits as of December 31, 2017 and does not expect this to change significantly over the next twelve months. The Company will recognize interest and penalties on any unrecognized tax benefits as a component of other expense. As of December 31, 2018 the Company has no accrued interest or penalties related to uncertain tax positions.

- f. **Advertising** – As part of the franchise agreement, the Company maintains a creative fund for the purpose of advertising the “System” on a regional and national basis, whereby the franchisees contribute a percentage of their gross sales. Advertising costs are expensed as incurred.
- g. **Fair Value Measurements** – The Financial Accounting Standards Board's *Fair Value Measurements* eliminated the diversity in practice that existed due to the different definitions of fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price), as opposed to the price that would be paid to acquire the asset or received to assume the liability at the measurement date (an entry price). A three-level hierarchy was established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – Inputs to the valuation methodology include prices similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the Fair value measurement of the asset or liability.

3 - DEVELOPMENT STAGE OPERATIONS

The Company has been formed to grant the rights to own and operate the Franchised Business. The Company has incurred legal, professional development and other expenses related to the implementation of franchise program.

4 - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. The Company places its cash with high credit quality institutions. At times, balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash in banks are insured by the FDIC up to \$250,000 per institution on interest bearing accounts, and are fully insured on noninterest bearing accounts through December 31, 2018. Beginning January 1, 2018, all accounts at an insured depository institution, including all noninterest bearing accounts, will be insured by the FDIC up to the standard maximum deposit insurance of \$250,000 per institution. The Company routinely assesses the financial strength of its franchisees and, as a consequence, believes that its account receivable credit risk exposure is limited.

5 - RELATED PARTIES

The principal mark, "Pop Bar," is owned by an affiliate of the Company, Pop Bar, LLC (the "Affiliate"), which licensed the marks to the Company, without any license fee.

The Company conducts operations in a facility in New York, owned by a related party, without charge.

As of December 31, 2018 the Company has loans receivable from related parties aggregating \$381,598. The noninterest bearing loans are payable after one year and are payable on demand after that time.

6 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 15, 2019 the date the financial statements were available to be issued.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

POP BAR FRANCHISING LLC

FRANCHISE AGREEMENT

FRANCHISEE

DATE

TABLE OF CONTENTS

ARTICLE 1	2
GRANT	2
1.1 <i>Grant of Franchise</i>	2
1.2 <i>Accepted Location</i>	2
1.3 <i>Relocation</i>	2
1.4 <i>Territory</i>	2
1.5 <i>Our Reserved Rights</i>	3
1.6 <i>Right of First Refusal</i>	3
ARTICLE 2	3
SITE SELECTION, PLANS AND CONSTRUCTION	3
2.1 <i>Your Responsibility to Locate a Site</i>	3
2.2 <i>Site Selection</i>	4
2.3 <i>Zoning Clearances, Permits and Licenses</i>	4
2.4 <i>Design of Shop</i>	5
2.5 <i>Build-Out of Shop</i>	5
2.6 <i>Opening Date; Time is of the Essence</i>	5
ARTICLE 3	6
TERM AND RENEWAL	6
3.1 <i>Term</i>	6
3.2 <i>Renewal</i>	6
3.3 <i>Refusal to Renew Franchise Agreement</i>	6
3.4 <i>Renewal Under Law</i>	7
3.5 <i>Your Election Not to Renew</i>	7
ARTICLE 4	7
FEES	7
4.1 <i>Initial Franchise Fee</i>	7
4.2 <i>Royalty Fees</i>	7
4.3 <i>Advertising Fee</i>	8
4.4 <i>Payments to Us</i>	8
4.5 <i>Interest on Overdue Amounts</i>	8
4.6 <i>Definition of Gross Sales</i>	8
4.7 <i>Payment of Additional Fees</i>	9
ARTICLE 5	9
OUR OBLIGATIONS	9
5.1 <i>Site Selection Assistance</i>	9
5.2 <i>Location Assistance; On-Site Evaluation</i>	9
5.3 <i>Prototype Design Plans</i>	9
5.4 <i>Confidential Operations Manual</i>	9
5.5 <i>Visits and Evaluations</i>	9
5.6 <i>Advertising and Promotional Materials</i>	9
5.7 <i>Management and Operations Advice</i>	9
5.8 <i>Products for Resale</i>	10
5.9 <i>Approved Suppliers</i>	10
5.10 <i>Initial Training Program</i>	10
5.11 <i>Opening Assistance</i>	10
5.12 <i>Advertising Fund</i>	10
ARTICLE 6	10

YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS	10
6.1 <i>Use Commercially Reasonable Efforts</i>	10
6.2 <i>Representations of Corporate Entity</i>	10
6.3 <i>General Manager</i>	11
6.4 <i>Training</i>	12
6.5 <i>Franchisee Meetings</i>	13
6.6 <i>Compliance with Laws</i>	13
6.7 <i>Compliance with All Other Obligations</i>	13
6.8 <i>Guaranty</i>	14
ARTICLE 7	14
FRANCHISE OPERATIONS	14
7.1 <i>Compliance with Standards</i>	14
7.2 <i>Maintenance of Shop</i>	14
7.3 <i>Remodeling and Redecorating</i>	14
7.4 <i>Approved Suppliers</i>	14
7.5 <i>Operation of Shop in Compliance with Our Standards</i>	15
7.6 <i>Proprietary Products</i>	17
7.7 <i>Advertising and Promotional Materials</i>	17
7.8 <i>Complaints</i>	17
7.9 <i>Power of Attorney for Telephone Listings, etc.</i>	17
7.10 <i>Unapproved Products and Services</i>	17
7.11 <i>Customer Surveys</i>	18
7.12 <i>Pricing</i>	18
ARTICLE 8	18
ADVERTISING AND RELATED FEES.....	18
8.1 <i>Participation in Advertising</i>	18
8.2 <i>Local Advertising</i>	18
8.3 <i>Advertising Fund</i>	18
8.4 <i>Cooperative Funds</i>	19
8.5 <i>Conduct of Advertising; Our Approval</i>	20
8.6 <i>Grand Opening Advertising</i>	21
8.7 <i>Websites</i>	21
ARTICLE 9	21
MARKS	21
9.1 <i>Use of Marks</i>	21
9.2 <i>Ownership of Marks; Limited License</i>	22
9.3 <i>Limitation on Use of Marks</i>	22
9.4 <i>Notification of Infringement or Claim</i>	23
9.5 <i>Retention of Rights by Us</i>	23
ARTICLE 10	24
CONFIDENTIALITY AND NON-COMPETITION COVENANTS	24
10.1 <i>Confidential Operations Manuals</i>	24
10.2 <i>Confidential Information</i>	24
10.3 <i>Non-Competition</i>	25
10.4 <i>Failure to Comply</i>	26
ARTICLE 11	27
BOOKS AND RECORDS.....	27
11.1 <i>Books and Records</i>	27
11.2 <i>Reports</i>	27
11.3 <i>Inspections; Audits</i>	27
11.4 <i>Correction of Errors</i>	28

11.5	Authorization of Us.....	28
11.6	We are Attorney-in-Fact.....	28
ARTICLE 12	.....	28
INSURANCE	.....	28
ARTICLE 13	.....	29
DEBTS AND TAXES	.....	29
13.1	Taxes.....	29
13.2	Payments to Us	30
13.3	Tax Disputes	30
13.4	Compliance with Laws.....	30
13.5	Notification of Action or Proceeding.....	30
ARTICLE 14	.....	30
TRANSFER OF INTEREST	.....	30
14.1	Transfer by Us	30
14.2	Transfer by You.....	31
14.3	Transfer to a Corporation or Limited Liability Company	33
14.4	Our Right to Purchase Business	33
14.5	Death or Disability	35
14.6	No Waiver of Claims.....	35
14.7	Public Offering	35
14.8	Review of Public Offering Materials by Us	36
ARTICLE 15	.....	36
INDEMNIFICATION	.....	36
15.1	Indemnification by You	36
15.2	Notification of Action or Claim.....	37
15.3	We May Settle	37
15.4	Losses and Expenses.....	37
15.5	Indemnitees Do Not Assume Liability.....	38
15.6	Recovery from Third Parties.....	38
15.7	Survival of Terms	38
ARTICLE 16	.....	38
RELATIONSHIP OF THE PARTIES	.....	38
16.1	Independent Contractor	38
16.2	Sole and Exclusive Employer of Your Employees.....	39
16.3	You are Not Authorized.....	39
ARTICLE 17	.....	40
TERMINATION	.....	40
17.1	Automatic Termination – No Right to Cure	40
17.2	Notice of Termination – 30 Days to Cure.....	42
17.3	Cross-Defaults, Non-Exclusive Remedies, etc.	43
17.4	Our Right to Discontinue Services to You	43
17.5	Reimbursement of Costs.....	43
ARTICLE 18	.....	43
POST-TERMINATION	.....	43
18.1	Cease Operations.....	43
18.2	Stop Using the System.....	43
18.3	Cancellation of Assumed Names.....	44
18.4	No Use of Similar Marks	44
18.5	Payment of Sums Owed.....	44

18.6	Payment of Damages, Costs and Expenses.....	44
18.7	Delivery of Manuals and Materials	44
18.8	Confidential Information	44
18.9	Advertising and Promotional Materials	44
18.10	Assignment to Us.....	45
18.11	Assignment of Lease	45
18.12	Our Right to Purchase.....	45
18.13	Shop Assets.....	46
18.14	Assignment of Options by Us.....	46
18.15	Telephone Numbers, Internet Pages Listings, etc.....	46
18.16	Liquidated Damages.....	47
ARTICLE 19	.....	47
MISCELLANEOUS	.....	47
19.1	Notices	47
19.2	Entire Agreement	47
19.3	No Waiver	48
19.4	Our Prior Approval	48
19.5	No Warranty or Guaranty.....	48
19.6	Continued Obligation to Pay Sums.....	48
19.7	Arbitration	48
19.8	Governing Law; Injunctive Relief.....	49
19.9	Agreement Regarding Governing Law and Choice of Forum	49
19.10	Acceptance of Agreement	49
19.11	Waiver of Punitive Damages	50
19.12	Execution in Multiple Counterparts	50
19.13	Captions	50
19.14	Survival of Terms.....	50
19.15	Severability of Provisions.....	50
19.16	Joint and Several Obligations	50
19.17	Rights and Remedies Cumulative	51
19.18	References	51
19.19	No Rights or Remedies Except to the Parties	51
19.20	Effectiveness of Agreement.....	51
19.21	Modification of the System	51
19.22	Operation in the Event of Absence or Disability	52
19.23	Step-In Rights	52
ARTICLE 20	.....	52
TECHNOLOGY	.....	52
20.1	Computer Systems and Software.....	52
20.2	Data	53
20.3	Privacy.....	53
20.4	Telecommunications	54
20.5	Extranet	54
20.6	On-line Use of Proprietary Marks.....	54
20.7	No Outsourcing Without Prior Written Consent.....	54
20.8	Changes to Technology.....	54
ARTICLE 21	.....	54
SECURITY INTERESTS	.....	54
21.1	Collateral.....	54
21.2	Indebtedness Secured.....	55
21.3	Additional Documents.....	55
21.4	Possession of Collateral	55
21.5	Our Remedies in Event of Default	55

21.6	<i>Special Filing as Financing Statement</i>	55
ARTICLE 22		56
YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS		56
22.1	<i>Your Representations</i>	56
22.2	<i>Your Acknowledgments</i>	56

ATTACHMENTS

- 1 - Accepted Location and Territory
- 2 - Collateral Assignment of Lease
- 3 - Statement of Ownership Interests in Franchisee/Entity
- 4 - Confidentiality and Non-Competition Agreement
- 5 - Electronic Transfer Authorization
- 6 - Internet Advertising, Social Media and Telephone Account Agreement
- 7 - Franchisee Acknowledgment Statement
- 8 - Spousal Guaranty

POP BAR FRANCHISING LLC

FRANCHISE AGREEMENT

THIS AGREEMENT, entered into on _____, by and between the franchisor Pop Bar Franchising LLC, a New York limited liability company, with its principal address at 5 Carmine Street, New York, New York, 10014 (herein referred to as “Franchisor”, “we”, “us” or “our”) and _____, a(n) _____ whose principal address is _____, and _____’s principal(s) _____, an individual residing at _____, and _____, an individual residing at _____ (“Principal(s)”), who shall be collectively referred to in this Agreement as “you” or “your” or “Franchisee”.

W I T N E S S E T H:

WHEREAS, we and our affiliate, as the result of the expenditure of time, skill, effort and money, have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of shops handcrafted gelato, sorbetto and yogurt served on a stick made from superior, all-natural ingredients, as well as coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “Popbar” 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 (hereinafter referred to as “Marks”);

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

WHEREAS, you desire to use the System in connection with the operation of a shop at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE 1

GRANT

1.1 Grant of Franchise

In reliance on the representations and warranties of you and your Principals hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Popbar Shop under the Marks and the System in accordance with this Agreement (“Shop” or “Franchised Business”). You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Shop hereunder and not for the purpose of reselling the rights to develop the Shop hereunder. You and the Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Shop is open for business to the public in accordance with Section 2.6, and then only in accordance with Article 16 hereof.

This Agreement does not provide you with the right to (a) provide catering services from your Shop, or (b) sell any product at wholesale. With our prior written consent only, you may provide delivery services, provided that such delivery services are conducted according to our policies and guidelines.

1.2 Accepted Location

The specific street address of the Shop location accepted by us shall be set forth in Attachment 1 (“Location” or “Accepted Location”). You shall not relocate the Shop without our express prior written consent, which consent shall not be unreasonably withheld. This Agreement does not grant to you the right or license to operate the Shop or to offer or sell any products or services described under this Agreement at or from any other location.

1.3 Relocation

If you are unable to continue the operation of the Shop at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)), then you may request our approval to relocate the Shop to another location in the Territory, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the Territory or a relocation of the Shop not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Shop, then you shall comply with the site selection and construction procedures set forth in Article 2.

1.4 Territory

Upon the execution of this Agreement, you will be assigned an exclusive territory (the “Territory”) that will also be described in Attachment 1. Except as provided in this Agreement, and subject to your and the Principals’ material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Shop in the Territory during the term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Shop. You acknowledge and agree that our affiliates currently operate, or may in the future operate, shops under different marks and with operating systems that are the same as or similar to the System, and that any such shops might compete with your Shop. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Shop and only at a location approved by us.

1.5 Our Reserved Rights

Except as expressly limited by Section 1.4, we and our affiliates retain all rights with respect to Shops, the Marks and the sale of any products and services outside of your Territory, including, without limitation, the right:

1.5.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Shops and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Territory, and under any terms and conditions we deem appropriate. “Alternative distribution channels” include, but are not limited to, the internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

1.5.2 to operate and to grant others the right to operate Shops located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Shop;

1.5.3 to operate and to grant others the right to operate Shops at non-traditional sites within and outside the Territory under any terms and conditions we deem appropriate; and

1.5.4 the right to acquire and operate a business operating one or more shops or food service businesses located or operating in the Territory.

As used in this Agreement, Non-Traditional Sites shall include, without limitation, military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail shop locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

1.6 Right of First Refusal

If your Shop is located in a suburban area we may, but are not obligated to, offer you a right of first refusal to purchase additional Popbar franchises within a limited area that is next to or near your Territory. If we grant a right of first refusal to you, then the following will apply: We will notify you that either a location has become available that we believe would be good for a Popbar Shop or we have been approached by a prospective franchisee who wishes to purchase a franchise within your right of first refusal area. You will have thirty (30) days to exercise the right of first refusal to purchase the Popbar Shop franchise, and you will sign our then-current Franchise Agreement for such Shop and pay our then-current initial and continuing fees for such Shop. If you decline the right of first refusal or fail to notify us of your acceptance within the thirty (30) day period, then we shall have the right to develop a Shop at the identified location and/or sell a franchise to the prospective franchisee, as applicable. If we do, then the territory granted to such Shop shall be removed from your right of first refusal area and you shall no longer have any rights to the territory granted to the Shop.

ARTICLE 2

SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Shop within the Territory, and for constructing and equipping the Shop at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for

the Shop unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Shop is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Shop operated at that site will be profitable or otherwise successful.

2.2 Site Selection

2.2.1 Prior to acquiring by lease or purchase a site for the Shop, but within ninety (90) days of the date this Agreement is executed, you shall locate a site for the Shop that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of this information and materials to approve or disapprove, in our sole discretion, the proposed site as the location for the Shop. No site may be used for the location of the Shop unless it is first accepted in writing by us. You acknowledge and agree that our approval of a location for the Shop is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Shop will be profitable. Our approval of a location for the Shop only signifies that the location meets our then-current minimum criteria for a Popbar Shop.

2.2.2 If you elect to purchase the premises for the Shop, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Shop under a lease or sublease, you shall submit a copy of the lease or sublease to us for written approval prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Shop premises shall be accepted by us unless a Collateral Assignment of Lease prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either approve or disapprove such documentation prior to its execution.

2.2.3 After a location for the Shop is accepted by us and acquired by you pursuant to this Agreement, the location shall be described in Attachment 1.

2.2.4 If you fail to locate a suitable site for the Shop within the ninety (90) day period described herein, we shall have the right to terminate this Agreement.

2.3 Zoning Clearances, Permits and Licenses

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Shop premises. Prior to beginning the construction of the Shop, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Shop, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.4 Design of Shop

You must obtain any architectural, engineering and design services necessary for the construction of the Shop at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld. You shall adapt the prototypical architectural and design plans and specifications for construction of the Shop provided to you by us in accordance with Section 5.3 as necessary for the construction of the Shop and shall submit such adapted plans to us for our review. You agree to pay our then-current fee for reviewing your adapted plans. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within ten (10) days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Shop

You shall commence and diligently pursue construction or remodeling (as applicable) of the Shop. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Shop. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Shop. You acknowledge and agree that you will not open the Shop for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

2.6 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Shop and commence business within six (6) months after you execute this Agreement, unless you obtain an extension of such time period from us in writing. The date the Shop actually opens for business to the public is herein called the "Opening Date". Prior to opening, you shall complete all exterior and interior preparations for the Shop, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure act as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. Your failure to open the Shop and commence business in accordance with the foregoing shall be deemed an event of material default under this Agreement.

ARTICLE 3

TERM AND RENEWAL

3.1 Term

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall continue from the date stated on the first page hereof for a period of ten (10) years.

3.2 Renewal

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than eighteen (18) months, but more than twelve (12) months, prior to the end of the Initial Term of this Agreement) to renew the franchise hereunder for one (1) additional period of ten (10) years, if:

3.2.1 you have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

3.2.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

3.2.3 you are able to maintain possession of the Premises for the Shop (or at relocated Premises pursuant to Section 1.3 hereof) pursuant to a lease reasonably acceptable to us;

3.2.4 you refurbish, upgrade, and/or renovate your Shop as we require in order that your Shop will meet our then-current standards and image for Popbar Shops;

3.2.5 the landlord of the Premises consents to a renewal or extension of the lease;

3.2.6 at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

3.2.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied); and

3.2.8 you pay to us a renewal fee equal to Twenty Thousand Dollars (\$20,000).

3.3 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Shop Premises is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise

under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

3.4 Renewal Under Law

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

3.5 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise.

ARTICLE 4

FEES

4.1 Initial Franchise Fee

You shall pay to us an initial franchise fee of Thirty-Five Thousand Dollars (\$35,000) which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party, and the initial franchise fee shall be non-refundable.

4.2 Royalty Fees

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee of six percent (6%) of Gross Sales. Such royalty fee shall be due and payable each month based on the Gross Sales for the preceding calendar month so that it is received by us by electronic funds transfer on or before the tenth (10th) day of each month, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each such royalty fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding calendar month ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Gross Sales information not later than the third (3rd) day of each month by modem or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct. You understand and acknowledge that the requirement for you to provide the Royalty Report is in addition to, and not in place of, our right to poll your computer system directly.

4.2.3 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

4.3 Advertising Fee

In addition to the royalty fee described in Section 4.2 above, you agree to pay to us an advertising fee in an amount equal to two percent (2%) of the Shop's Gross Sales. Such advertising fee shall be contributed to an Advertising Fund maintained by us, as described in Section 8.3 below. If the Advertising Fund has not yet been established when this Agreement is executed by you and us, then you shall begin paying this advertising fee upon thirty (30) days' advance notice from us that the Advertising Fund has been established. The advertising fee is payable to us at the same time and in the same manner as the royalty fee.

4.4 Payments to Us

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee, advertising fee and any other payments due to us and/or our affiliates. If you do not report the Shop's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last royalty fee and advertising fee that we debited. If the royalty fee and advertising fee we debit are less than the royalty fee and advertising fee you actually owe to us, once we have been able to determine the Shop's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the royalty fee and advertising fee we debit are greater than the royalty fee and advertising fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following month. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder. If payments are not received when due, interest may be charged by us in accordance with Section 4.5 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

4.5 Interest on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

4.6 Definition of Gross Sales

"Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Shop (including, without limitation, any sales or orders of food products or food preparation services provided from or related to the Shop), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

4.7 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

ARTICLE 5 OUR OBLIGATIONS

We agree to provide the services described below with regard to the Shop:

5.1 Site Selection Assistance

Our written site selection guidelines and such site selection assistance as we may deem advisable.

5.2 Location Assistance; On-Site Evaluation

If you request that we conduct an on-site evaluation of your proposed site, you shall pay our reasonable fee for performing such evaluation, as well as the reasonable expenses incurred by us (or our designee) in connection with such evaluation, including, without limitation, the costs of travel, lodging and meals. For any on-site evaluation requested by you, we shall not be required to conduct such evaluation until we receive of all required information and materials concerning such site prepared pursuant to Article 2.

5.3 Prototype Design Plans

On loan, one (1) set of prototypical architectural and design plans and specifications (Asset Manual) for a Shop. You shall independently, and at your expense, have such architectural and design plans and specifications adapted for construction of the Shop in accordance with Article 2.

5.4 Confidential Operations Manual

On loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manuals"), as more fully described in Section 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Popbar Shops in the System.

5.5 Visits and Evaluations

Visits to the Shop and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.5.6.

5.6 Advertising and Promotional Materials

Certain advertising and promotional materials and information developed by us and/or our affiliate from time to time for use by you in marketing and conducting local advertising for the Shop at a reasonable cost to you. We shall have the right to review and approve or disapprove all advertising and promotional materials that you propose to use, pursuant to Article 8.

5.7 Management and Operations Advice

Advice and written materials concerning techniques of managing and operating the Shop from time to time developed by us, including new developments and improvements in Shop equipment, food products and the packaging and preparation thereof and menu items.

5.8 Products for Resale

From time to time and at our reasonable discretion, at a reasonable cost, make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.

5.9 Approved Suppliers

A list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.

5.10 Initial Training Program

An initial training program for you and your General Manager, as well as other training programs in accordance with the provisions of Sections 6.4.1, 6.4.2 and 6.4.4.

5.11 Opening Assistance

On-site opening assistance at the Shop in accordance with the provisions of Section 6.4.2.

5.12 Advertising Fund

Establishment and administration of an advertising fund and/or advertising cooperatives in accordance with Article 8.

ARTICLE 6 **YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS**

6.1 Use Commercially Reasonable Efforts

Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Shop so as to achieve optimum sales.

6.2 Representations of Corporate Entity

If you are a corporation, limited liability company, or partnership, you and the Principals represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Shop, unless otherwise consented to in writing by us;

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto,

resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment 3. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation. If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 You and the Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.8 are continuing obligations of you and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

6.3 General Manager

You shall designate and retain at all times a general manager (“General Manager”) to direct the operation and management of the Shop. The General Manager shall be responsible for the daily operation of the Shop and may be one of the Principals. The General Manager shall, during the entire period he serves as General Manager, meet the following qualifications:

6.3.1 The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;

6.3.2 The General Manager shall devote full time and best efforts to the supervision and management of the Shop;

6.3.3 The General Manager shall be an individual acceptable to us; and

6.3.4 The General Manager shall satisfy the training requirements set forth in Section 6.4. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Shop until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(o) hereof.

You understand and acknowledge that you shall participate in, and you are responsible for, the daily operation and management of your Shop, irrespective of whether you hire a General Manager.

6.4 Training

You agree that it is necessary to the continued operation of the System and the Shop that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.4.1 Not later than thirty (30) days prior to the Opening Date, you and your General Manager shall attend and complete, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Shop at such location(s) as may be designated by us. If you wish to send additional employees to our initial training program, whether before the Shop opens or while the Shop is operating, you shall pay to us our then-current training fee for each additional trainee.

We shall determine, in our reasonable discretion, whether the General Manager has satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by the General Manager, or (c) if we in our reasonable business judgment, based upon the performance of the General Manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any General Manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for any initial training provided by us to any initial General Manager or any other Shop personnel for any initial training provided to a replacement or successor General Manager. If you fail to complete the initial training program to our satisfaction, you must re-take the initial training program at your own expense, including payment of our then-current training fee. If you fail to complete the initial training program to our satisfaction a second time, we have the right to terminate this Agreement. You shall be responsible for any and all expenses incurred by you, your General Manager and other Shop personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and wages.

6.4.2 In connection with the opening of the Shop, we shall provide you with opening assistance by a trained representative of us or our designee. The trainer will provide on-site pre-opening and opening training, supervision, and assistance to you for a period of up to seven (7) days around the Shop's opening. You agree to reimburse the expenses incurred by our representative in providing such

opening assistance, including, but not limited to, travel, lodging and meals. If you own more than five (5) Shops, then you must form a training program according to our specifications and to be approved by us. If you own more than five (5) Shops and you request that we provide opening assistance, you must pay our then-current rate for on-site training and assistance and you must reimburse our representative's expenses.

6.4.3 Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof, subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site training and assistance to your Shop personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

6.4.4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Shop. Such training programs and seminars may be offered to you, the General Manager or other Shop personnel generally, and we may designate that such training program and seminars are mandatory for you, your General Manager and other Shop personnel. We reserve the right to charge a fee for additional or refresher training, even if such training is mandatory, and in addition you must pay for your trainees' expenses, including travel, lodging, meals and applicable wages.

6.5 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Popbar Shop operators, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you and/or your General Manager. You shall pay our then-current fee for such meeting, and for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

6.6 Compliance with Laws

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.7 Compliance with All Other Obligations

You shall comply with all other requirements and perform such other obligations as provided hereunder.

6.8 Guaranty

If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 8.

ARTICLE 7

FRANCHISE OPERATIONS

7.1 Compliance with Standards

You understand the importance of maintaining uniformity among all of the Shops and the importance of complying with all of our standards and specifications relating to the operation of the Shop.

7.2 Maintenance of Shop

You shall maintain the Shop in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain system-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Shop or to provide the Shop services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Shop or its premises without our prior written approval, which shall not be unreasonably withheld.

7.3 Remodeling and Redecorating

To assure the continued success of the Shop, you shall, upon our request, remodel and/or redecorate the Shop premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Shop to our then-current system-wide standards and specifications. Notwithstanding the generality of the foregoing, every five (5) years during the term of this Agreement you shall remodel and redecorate the main areas of your Shop (front of house), and every ten (10) years during the term of this Agreement you shall conduct a major remodeling of both front and back of house for your Shop, except that if the Shop franchise is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Shop premises as described herein.

7.4 Approved Suppliers

You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including electronic cash register and computer hardware and software systems) and other products used or offered for sale at the Shop. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products (including proprietary mixes), you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Shops and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in

writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so. We reserve the right to require you to pay to us our then-current fee for evaluation and testing. You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

7.5 Operation of Shop in Compliance with Our Standards

To ensure that the highest degree of quality and service is maintained, you shall operate the Shop in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, only as expressly authorized by us in writing in the Manuals or otherwise in writing.

7.5.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time.

7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.5.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Shop, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.5.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs,

delivery vehicles, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Shop premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

7.5.6 To grant us and our agents the right to enter upon the Shop premises, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.5.8 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Shop premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Shop, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain internet access or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at such times and in such manner as we shall from time to time specify.

7.5.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.5.10 To sell or otherwise issue gift cards or certificates (together “Gift Cards”) that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Popbar Shop. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Popbar Shops and for making timely payment to us, other operators of Popbar Shops, or a third-party service provider for Gift Cards issued from the Shop that are honored by us or other Popbar Shop operators.

We reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

7.6 Proprietary Products

You acknowledge and agree that we have developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and which are our trade secrets, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

7.7 Advertising and Promotional Materials

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Shop), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

7.8 Complaints

You shall process and handle all consumer complaints connected with or relating to the Shop, and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars (\$500.00), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Shop or equipment located in the Shop during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

7.9 Power of Attorney for Telephone Listings, etc.

Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 17.15: (i) all rights to the telephone numbers of the Shop and any related and other business listings; and (ii) internet listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the internet or world wide web without our express written consent, which consent may be denied without reason.

7.10 Unapproved Products and Services

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

7.11 Customer Surveys

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Shop. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.12 Pricing

We may advise you in writing, from time to time, concerning the maximum prices which you should charge your customers for approved products and services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate or optimize profits. You are obligated to inform us of all prices charged for services and products sold by you and to inform us of any modifications of your prices.

ARTICLE 8 **ADVERTISING AND RELATED FEES**

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

8.1 Participation in Advertising

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Shops operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

8.2 Local Advertising

In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of your expenditures for local advertising to the Cooperative as described in Section 8.4 or Advertising Fund as described in Section 8.3, you shall spend, throughout the term of this Agreement, not less than one percent (1%) of Gross Sales each month on advertising for the Shop in your Territory ("Local Advertising"). You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require.

8.3 Advertising Fund

We have created and established an Advertising Fund for the purpose of advertising the System on a regional or national basis (the "Advertising Fund"). You agree to contribute to the Advertising Fund as described in Section 4.3 above. You agree that the Advertising Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Shops operating

under the System. We shall, with respect to Shops operated by us, contribute to the Advertising Fund generally on the same basis as you. In administering the Advertising Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. We shall be entitled to reimbursement from the Advertising Fund for our reasonable expenses in managing the Advertising Fund.

8.3.2 You agree that the Advertising Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; public relations activities; employing advertising agencies to assist therein; development and maintenance of our website; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid by you to the Advertising Fund shall be maintained in a separate account by us and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs for franchisees and the System. The Advertising Fund and its earnings shall not otherwise inure to our benefit. The Advertising Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above.

8.3.3 A statement of the operations of the Advertising Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations may be unaudited.

8.3.4 Any monies remaining in the Advertising Fund at the end of any year will carry over to the next year. Although the Advertising Fund is intended to be of perpetual duration, we may terminate the Advertising Fund. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Advertising Fund, we may, in our sole discretion, reinstate the Advertising Fund at any time. If we so choose to reinstate the Advertising Fund, said reinstated Fund shall be operated as described herein.

8.4 Cooperative Funds

We may, in our discretion, create a regional advertising cooperative in any area, or we may approve the creation of such an advertising cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Territory is located. In no event may the Shop be required to be a member of more than one cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto, not to exceed two percent (2%) of such member's Gross Sales. You shall contribute such amounts at the times and in the manner as determined by the Cooperative members. Any funds contributed to a regional advertising cooperative will be credited against the your obligation to pay for Local Advertising as set forth in Section 8.2 above; provided, however, that if your contributions to a Cooperative are less than your Local Advertising requirement, you shall nevertheless spend the difference locally. The following provisions apply to each cooperative:

a. the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

b. the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members' use in Local Advertising within the Cooperative's area;

c. the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

d. except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Shop having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

e. without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

f. the Cooperative may require its members to periodically contribute to it in such amounts as it determines, subject to the limit set forth in the first paragraph of this Section 8.4;

g. no later than the fifteenth (15th) day of each month, each member/franchisee must submit its contribution under Section 8.4(f) for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

h. if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

8.5 Conduct of Advertising; Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) day period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication without our express written consent.

We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website.

8.6 Grand Opening Advertising

In addition to the ongoing advertising contributions set forth herein, you shall be required to spend between Two Thousand Five Hundred Dollars (\$2,500) and Five Thousand Dollars (\$5,000) on a grand opening advertising campaign to advertise the opening of the Shop. The grand opening advertising campaign shall be conducted in the sixty (60) day period comprising thirty (30) days prior to and thirty (30) days following the Shop's opening and shall include the promotional giveaways that we require. All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval in the manner set forth in this Article 8.

8.7 Websites

As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, internet and world wide web home pages. In connection with any Website, you agree to the following:

8.7.1 We shall have the right, but not the obligation, to establish and maintain a Website, including but not limited to any apps that we may introduce, which may, without limitation, promote the Marks, Popbar Shops and any or all of the products offered at Shops, the franchising of Popbar Shops, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

8.7.2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

8.7.3 You shall not establish a separate Website related to the Proprietary Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement and will be subject to (among other things) our approval under this Article 8.

8.7.4 We shall have the right to modify the provisions of this Section 8.7 relating to Websites as we shall solely determine is necessary or appropriate.

8.7.5 You understand and agree that you may not promote your Shop or use any Proprietary Mark in any manner on social and/or networking Websites, including, but not limited to, Facebook, FourSquare, Instagram, LinkedIn, MySpace and Twitter, without our prior written consent.

ARTICLE 9 MARKS

9.1 Use of Marks

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

9.2 Ownership of Marks; Limited License

You expressly understand and acknowledge that:

9.2.1 Our affiliate, Pop Bar, LLC, is the owner of all right, title and interest in and to the Marks in the United States and the goodwill associated with and symbolized by them. Our affiliate has licensed the Marks to us so that we may sub-license them to our franchisees. All references herein to ownership or interests in the Marks shall be deemed to include the ownership rights of our affiliate.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Shop and only at or from its accepted location or in approved advertising related to the Shop.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any other claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

9.3 Limitation on Use of Marks

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Shop only under the name “Popbar” without prefix or suffix. You shall not use the Marks as part of your

corporate or other legal name and shall obtain our approval of such corporate or other legal name prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any renewal hereof, you shall identify yourself as the independent owner of the Shop in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Shop or any delivery vehicle as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.5 Retention of Rights by Us

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

ARTICLE 10
CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10.1 Confidential Operations Manuals

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Shop. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Shop premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manual that have been replaced or updated by us, if we provide the Manual to you in hard copy format. You expressly agree to comply with each new or changed standard.

10.1.6 You shall at all times ensure that the Manuals are kept current and up to date. 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 shall control.

10.2 Confidential Information

10.2.1 Neither you nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Shop under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Shop. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this

Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your General Manager and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4.

10.2.3 If you, the Principals, the General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Shop, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

10.3 Non-Competition

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Shop, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement, except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business 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 and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Shop, including a food service business which offers and sells the same or similar food products (a "Competitive Business").

10.3.2 With respect to you and each Principal, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your or any Principals' interest in, this Agreement and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder 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 and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a fifty (50) mile radius of the location of any Shop in the System.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals 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 Section.

(a) You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) You and the Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

You and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Article 17 hereof. You and the Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Section. You and the Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in

connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

ARTICLE 11

BOOKS AND RECORDS

11.1 Books and Records

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

11.2 Reports

In addition to the monthly Royalty Report required by Section 4.2 hereof, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a report of Gross Sales by Wednesday of each week for the previous week ending Sunday. You understand and acknowledge that although we have the right to poll your computer system electronically for such information, it shall not eliminate the requirement for you to provide this report;

11.2.2 You shall, at your expense, submit to us, in the form prescribed by us, a profit and loss statement for each month (which may be unaudited) for you within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.3 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year during the term hereof, showing the results of operations of you during such fiscal year; we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.4 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Shop, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Shop. You shall make such books and records available to us or our designees immediately upon request. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection

discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

11.4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

11.5 Authorization of Us

You hereby authorize (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Shop. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

11.6 We are Attorney-in-Fact

You hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

ARTICLE 12 **INSURANCE**

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Shop.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, the required insurance coverages described in our Operations Manual.

You may, with our prior written consent, which consent may be withheld or denied, elect to have reasonable deductibles in connection with the coverages we require. Such policies shall also include a waiver of subrogation in favor of us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Shop, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us.

12.4 Your obligation to obtain and maintain the required insurance policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15 of this Agreement.

12.5 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.6 Not later than thirty (30) days before the Shop initially opens for business, and thereafter thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.8 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

12.9 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Shop, and you agree to comply with any such changes, at your expense.

ARTICLE 13

DEBTS AND TAXES

13.1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax

authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term “Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement.

13.2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

13.3 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.4 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE 14 **TRANSFER OF INTEREST**

14.1 Transfer by Us

We shall have the right, without the need for your consent, to assign, transfer or sell our rights under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee agrees in writing to assume all obligations undertaken by us herein and you receive a statement from both us and our transferee to that effect. Upon such assignment and assumption, we shall be under no further obligation hereunder, except for accrued liabilities, if any. You further agree and affirm that we may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic, legal 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, Marks (or any variation thereof) and System and/or the loss of association with or identification of Pop Bar Franchising LLC as Master Franchisee 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 business combination 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 Shops 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 within your Territory, proximate thereto, or proximate to any of your locations). However, we represent that we will not convert any such acquired shop premises that are operating within your Territory to a Shop.

If we assign our rights in this Agreement, nothing herein shall be deemed to require us to remain in the frozen dessert business or to offer or sell any products or services to you.

14.2 Transfer by You

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in you, in this Agreement, in the Shop and/or any of the Shop's material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Shop, any of the Shop's material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you, then in each such case (any or all of which are referred to in this Article 14 as a "Restricted Transfer"), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction:

(c) The transferor and its principals shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the New York General

Business Law (“GBL”) and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied);

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee’s application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee’s good moral character, business reputation and credit rating; transferee’s aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee’s financial resources and capital for operation of the business; and the geographic proximity and number of other Shops owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee’s shareholders, partners or other investors, as applicable, shall execute such agreement as transferee’s principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Shop, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current System-wide percentage royalty fee, advertising contribution or expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Shop and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(h) The transferor shall remain liable for all of the obligations to us in connection with the Shop incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(i) At the transferee’s expense, the transferee, the transferee’s general manager and/or any other applicable Shop personnel shall complete any training programs then in effect for franchisees of Shops upon such terms and conditions as we may reasonably require;

(j) You shall pay to us a transfer fee equal to Thirty-Five Thousand Dollars (\$35,000) to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees;

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer.

14.2.3 You shall not grant a security interest in the Shop or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured

party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.3 Transfer to a Corporation or Limited Liability Company

In the event you desire to operate the Franchised Business through a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the corporation as he had in you prior to the transfer.

Additionally, the following conditions shall apply: (i) ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement; (ii) the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us; (iii) the newly formed corporation or limited liability company shall conduct no business other than the Franchised Business; and (iv) copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to addition of your corporation or limited liability company as a "franchisee" under this Agreement. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Our Right to Purchase Business

14.4.1 If you wish to transfer all or part of your interest in the Shop or this Agreement or if you wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. 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. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the

interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the “Offer Terms”). In the event that we elect to purchase the seller’s interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. 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. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer.

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Shop (including lease and contract rights and other assets of you and your affiliates used in connection with the Shop, excluding the assets of your benefit plans) (collectively, the “Shop Interests”). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Shop Interests, determined in a manner consistent with Section 18.11.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.11.1) of any assets included in the Restricted Transfer that are not related to the Shop. If you have more than one (1) Shop, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Shops equally.

(c) We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1 above.

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

14.4.3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Shop or this Agreement shall constitute a material event of default under this Agreement.

14.5 Death or Disability

14.5.1 Upon your death (if you are a natural person) or upon the death of any Principal who has an interest in this Agreement, the Shop or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

14.5.2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Principal who has an interest in this Agreement, the Shop or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 14 within six (6) months after notice to you. “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.5. The costs of any examination required by this Section shall be paid by us.

14.5.3 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

14.5.4 In order to prevent any interruption of the Shop operations which would cause harm to the Shop, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Shop to our required standards, operate the Shop for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Shop during such period of operation by us shall be kept in a separate account, and the expenses of the Shop, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Shop franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

14.6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

14.7 Public Offering

If you are a corporation or other form of legal entity, securities or partnership interests in you may be offered to the public (a “public offering”) only with our prior written consent, which consent may be

withheld in our sole and absolute discretion. As a condition of our approval to such offering, we may, in our sole and absolute discretion, require that immediately after such offering, you and the Principals retain all controlling interest in you. For the purpose of this Agreement, “Controlling Interest” shall mean: (a) if you are a corporation, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of the issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if you are a partnership, that the Principals (i) own at least a fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least a fifty-one percent (51%) ownership interest in the partnership and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

14.8 Review of Public Offering Materials by Us

All materials required for a public offering by federal or state law shall be submitted to us for a limited review as discussed below prior to being filed with any governmental agency; and any materials (including any private placement memoranda) to be used in any exempt offering or private placement shall be submitted to us for such review prior to their use. No Franchisee offering (public or private) shall imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance or offering of securities of you or us, and our review of any offering materials shall be limited solely to the subject of the relationship between you and us. We may, at our option, require your offering materials to contain a written statement prescribed by us concerning the limitations described in the preceding sentence. You, your Principals and the other participants in the offering must fully indemnify us, our affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed public or private offering, you shall reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. You shall give us written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by Section 14.7.

ARTICLE 15 **INDEMNIFICATION**

15.1 Indemnification by You

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (“Indemnitees”), from all “losses and expenses” (as defined in Section 15.4.2 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10.);

15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any multi-unit operator or franchisee operating under the System, by you or by any of the Principals;

15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Shop, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

15.2 Notification of Action or Claim

You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.

15.3 We May Settle

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

15.4 Losses and Expenses

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 15, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall,

refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.

15.7 Survival of Terms

You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE 16 **RELATIONSHIP OF THE PARTIES**

16.1 Independent Contractor

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Popbar Shop does not directly or indirectly vest in us the power to hire, fire or control any such employee.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Popbar Shop and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Popbar Shop, which you alone control, but only constitute

standards you must adhere to when exercising your control of the day-to-day operations of your Popbar Shop.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Popbar Shop. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Popbar.

16.2 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under the exclusive dominion and control of you and never under the direct or indirect control of us in any fashion whatsoever. You alone hire each of your employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/ unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, which has no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that your Popbar Shop is at all times staffed at those levels necessary to operate your Popbar Shop in conformity with the System and the products, services, standards of quality and efficiency, and other Popbar brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff your Popbar Shop with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate your Popbar Shop, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Popbar Shop and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

16.3 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for, or be deemed liable under this

Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

ARTICLE 17 **TERMINATION**

17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.1.3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate the Shop or sell any products or services authorized by us for sale at the Shop at a location which has not been approved by us;

(b) If you fail to acquire an accepted location for the Shop within the time and in the manner specified in Article 2;

(c) If you fail to construct or remodel the Shop in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.5;

(d) If you fail to open the Shop for business within the period specified in Section 2.6 hereof;

(e) If you at any time cease to operate or otherwise abandon the Shop, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Shop is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control), if through no fault of yours the

premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event, for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Shop is not in operation;

(f) If you or any of the Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Shop;

(h) If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Shop to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us;

(k) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach in any material respect any of the covenants in any material respect set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

(o) If you fail to propose a qualified replacement or successor General Manager within the time required under Section 6.3.4 following ten (10) days prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(r) If you or any of the Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If your General Manager is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement General Manager, or if you fail to complete our initial training program a second time;

(t) If you fail to comply with all applicable laws and ordinances relating to the Shop, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(u) If you attempt to substitute any product for one of the products that we have approved and that you must offer at or from your Shop, or if you fail to use the ingredients we require and follow the recipes required by us, or if you do not purchase your entire supply of proprietary product mixes from us or from the supplier we designate, as described in Section 7.6; or

(v) If you attempt to reverse engineer or duplicate the proprietary machinery that is required to be used in your Shop, any proprietary ingredients and/or any proprietary recipes.

17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

17.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

17.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you, until such time as you correct the breach.

17.5 Reimbursement of Costs

You shall reimburse us for all costs and expenses, including but not limited to attorneys' fees, incurred by us as a result of your default, including costs connection with collection of any amounts owed to us and/or enforcement of our rights under this Agreement.

ARTICLE 18 **POST-TERMINATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

18.1 Cease Operations

You shall immediately cease to operate the Shop under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

18.2 Stop Using the System

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "Popbar"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

18.3 Cancellation of Assumed Names

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “Popbar” or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 No Use of Similar Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

18.5 Payment of Sums Owed

You and your Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys’ fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

18.6 Payment of Damages, Costs and Expenses

You and the Principals shall pay to us all damages, costs and expenses, including reasonable attorneys’ fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.

18.7 Delivery of Manuals and Materials

You shall immediately deliver to us all Manuals, software licensed by us, records, files, instructions, correspondence, all materials related to operating the Shop, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Shop in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. You shall immediately deliver to us, at your expense, all proprietary equipment and proprietary ingredients, including but not limited to, production machines, molds and accessories, display freezer and Popbar décor packages.

18.8 Confidential Information

You and the Principals shall comply with the restrictions on confidential information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants.

18.9 Advertising and Promotional Materials

You shall also immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon,

whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

18.10 Assignment to Us

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Shop are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

18.11 Assignment of Lease

If you operate the Shop under a lease for the Shop premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Shop or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Shop premises or do not have such option, you shall make such modifications or alterations to the Shop premises as are necessary to distinguish the appearance of the Shop from that of other Shops operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Shop premises from and after the date of the assignment of lease.

18.12 Our Right to Purchase

18.12.1 Except as provided in Sections 18.9, 18.10 and 18.13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Shop, at fair market value. We shall be purchasing your assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Shop premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Shop premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles,

supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Shop is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

18.13 Shop Assets

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate the Shop from a premises that is subleased to you by us, upon termination (or expiration if you do not renew) of this Agreement, we shall have the right to take immediate possession of the assets of the Shop, including, any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Shop. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully affect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.

18.14 Assignment of Options by Us

We shall be entitled to assign any and all of our options in this Section to any other party, without your consent.

18.15 Telephone Numbers, Internet Pages Listings, etc.

You, at our option, shall assign to us all rights to the telephone numbers of the Shop and any related internet pages, trademark listing or other business listings and execute all forms and documents required

by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all internet listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents which may have been executed under Section 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

18.16 Liquidated Damages

If we terminate this Agreement with cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average value of the Royalty Fees you paid (per month) to us during the twelve (12) months preceding the effective date of termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and your Principals agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 19 **MISCELLANEOUS**

19.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement unless and until a different address has been designated by written notice to the other party.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

19.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however,

that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

19.3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Our Prior Approval

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing.

19.5 No Warranty or Guaranty

We make no warranties or guarantees upon which you may rely and 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 suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

19.6 Continued Obligation to Pay Sums

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

19.7 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in the County of New York under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New York Statutes. The proceedings will be

conducted under the commercial arbitration rules of the American Arbitration Association; to the extent such rules are not inconsistent with the provisions of this arbitration provision or the New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.8 Governing Law; Injunctive Relief

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts of New York County, New York and the Federal District Court nearest to our headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New York or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be New York County, New York; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under New York law.

Notwithstanding anything to the contrary contained in Section 19.7 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit its dispute for arbitration on the merits as provided herein.

You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

19.9 Agreement Regarding Governing Law and Choice of Forum

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.10 Acceptance of Agreement

You and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in New York County, New York, and further acknowledge that the performance of certain obligations of yours arising under this Agreement, including, but not limited to, the payment of monies due

hereunder and the satisfaction of certain training requirements of ours, shall occur in New York County, New York.

19.11 Waiver of Punitive Damages

You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, 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, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.12 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

19.13 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.14 Survival of Terms

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

19.15 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.16 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

19.17 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.18 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

19.19 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

19.20 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours.

19.21 Modification of the System

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

19.22 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

19.23 Step-In Rights

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

ARTICLE 20 **TECHNOLOGY**

20.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system:

20.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Popbar Shops, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Popbar Shops, between or among Shops, and between and among the Franchised Shop and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the “Computer System”).

20.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

20.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing (“Point of Sale Systems”), which shall be deemed part of your Computer System.

20.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, “Computer Upgrades”).

20.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

20.2 Data

We may, from time to time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Shop, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Shop, and all data created or collected by you in connection with the System, or in connection with your operation of the Shop (including without limitation data pertaining to or otherwise concerning the Shop’s customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

20.3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals (“Privacy”) and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

20.4 Telecommunications

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

20.5 Extranet

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an “Extranet”). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Shop. The Extranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

20.6 On-line Use of Proprietary Marks

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any email address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by email or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

20.7 No Outsourcing Without Prior Written Consent

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

20.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 20 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

ARTICLE 21

SECURITY INTERESTS

21.1 Collateral

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Shop, together with all similar property now owned or hereafter acquired, additions, substitutions,

replacements, proceeds, and products thereof, wherever located, used in connection with the Shop. All items in which a security interest is granted are referred to as the “Collateral”.

21.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the “Indebtedness”):

21.2.1 All amounts due under this Agreement or otherwise by you;

21.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

21.2.3 All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

21.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

21.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

21.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

21.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

21.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 22
YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Shop.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

22.2 Your Acknowledgments

You acknowledge the truthfulness of the statements contained in Attachment 7 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 7 is incomplete or incorrect.

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

FRANCHISEE:

By:_____

Name:_____

Title:_____

PRINCIPALS:

Name:_____

Name:_____

FRANCHISOR:

POP BAR FRANCHISING LLC

By:_____

Name:_____

Title:_____

Accepted On:_____

(the "Effective Date")

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT

ACCEPTED LOCATION AND TERRITORY

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Shop shall be located at the following Accepted Location:

2. TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Territory shall be:

FRANCHISEE:

FRANCHISOR:

POP BAR FRANCHISING LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) assigns, transfers and sets over to Pop Bar Franchising LLC, a New York limited liability company (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for a Shop between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing and upon Assignor’s failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:
POP BAR FRANCHISING LLC

ASSIGNOR:

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

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

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Shop.

Dated: _____

_____, Lessor

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name

Percentage of Ownership

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)**

In consideration of my being a _____ of _____, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the "Franchise Agreement"), _____ (the "Franchisee"), has acquired the right and franchise from Pop Bar Franchising LLC (the "Company") to establish and operate a Popbar Shop (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and Accepted Location: _____ (the "Accepted Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses offering frozen dessert products. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise 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 of the Franchise Agreement, 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 the Company, 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 the Company as confidential. Unless the Company 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 the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with

any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Fifty (50) miles of Franchisee's Territory; or

7.3 Fifty (50) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (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 Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company 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 Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this 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. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

Title:_____

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT

ELECTRONIC TRANSFER AUTHORIZATION

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND
PAYABLE TO POP BAR FRANCHISING LLC ("COMPANY")**

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Pop Bar Franchising LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

Date Signed

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between Pop Bar Franchising LLC, a New York limited liability company (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Popbar business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Popbar brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown,

contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

POP BAR FRANCHISING LLC

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

PRINCIPALS:

Name:_____

Name:_____

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT

FRANCHISEE ACKNOWLEDGMENT STATEMENT

You hereby acknowledge the following:

1. You have conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to you by us and you and any and all Principals hereby waive any claim against us for any business failure you may experience as a franchisee under this Agreement.

Initial

2. You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.

Initial

3. You agree that no claims of success or failure have been made to you prior to signing the Franchise Agreement and that you understand all the terms and conditions of the Franchise Agreement. You further acknowledge that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. You expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. You acknowledge that our approval or acceptance of your Franchised Business' location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by us that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. You acknowledge that you have received the Pop Bar Franchising LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

Initial

8. You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants and other advisors and that the attorneys for us have not advised or represented you with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. You are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that we do not warrant that such products will not be sold within your Territory by others who may have purchased such products from us.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, YOU AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF YOUR AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE POP BAR FRANCHISING LLC, POP BAR, LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

Acknowledged this day of _____.

PRINCIPAL:

FRANCHISEE:

Signature

Name: _____

By: _____

Name: _____

Title: _____

ATTACHMENT 8 TO THE FRANCHISE AGREEMENT

SPOUSAL GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ (the “Effective Date”), to Pop Bar Franchising LLC, a New York limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with _____, a(n) _____, _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Article 10 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Signature

Name:_____

Address:_____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

MULTI-UNIT OPERATOR AGREEMENT

POP BAR FRANCHISING LLC

MULTI-UNIT OPERATOR AGREEMENT

MULTI-UNIT OPERATOR

DATE OF AGREEMENT

TABLE OF CONTENTS

SECTION 1.....	1
GRANT	1
SECTION 2.....	2
MULTI-UNIT OPERATOR FEE.....	2
SECTION 3.....	2
SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS	2
SECTION 4.....	3
DEVELOPMENT RIGHTS AND OBLIGATIONS	3
SECTION 5.....	4
RENEWAL	4
SECTION 6.....	4
TERM AND RIGHT OF FIRST REFUSAL	4
SECTION 7.....	5
YOUR OBLIGATIONS.....	5
SECTION 8.....	6
OUR SERVICES.....	6
SECTION 9.....	6
DEFAULT AND TERMINATION.....	6
SECTION 10.....	8
OBLIGATIONS FOLLOWING TERMINATION	8
SECTION 11.....	8
TRANSFER OF INTEREST	8
SECTION 12.....	11
COVENANTS.....	11
SECTION 13.....	12
NOTICES	12
SECTION 14.....	12
INDEPENDENT CONTRACTOR AND INDEMNIFICATION	12
SECTION 15.....	12
APPROVALS.....	12
SECTION 16.....	13
NON-WAIVER.....	13
SECTION 17.....	13

SEVERABILITY AND CONSTRUCTION	13
SECTION 18.....	13
ENTIRE AGREEMENT; APPLICABLE LAW	13
ARTICLE 19	14
DISPUTE RESOLUTION.....	14
SECTION 20.....	15
TIMELY PERFORMANCE	15
SECTION 21.....	15
ACKNOWLEDGMENTS	15
SECTION 22.....	16
EFFECTIVE DATE	16

ATTACHMENTS:

- 1 Certification by Multi-Unit Operator
- 2 Minimum Performance Schedule
- 3 Exclusive Area and Existing Shops in Exclusive Area

POP BAR FRANCHISING LLC

MULTI-UNIT OPERATOR AGREEMENT

THIS MULTI-UNIT OPERATOR AGREEMENT (“Agreement”) is made and entered into on _____, between Pop Bar Franchising LLC, a New York limited liability company, having its principal address at 5 Carmine Street, New York, New York, 10014 (“we”, “us” or “our”), and _____, an individual, residing at _____ (hereinafter “you” or “your”).

W I T N E S S E T H:

WHEREAS, we and our affiliate, as the result of the expenditure of time, skill, effort and money, have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of shops handcrafted gelato, sorbetto and yogurt served on a stick made from superior, all-natural ingredients, as well coffee, hot chocolate, milkshakes, hot and cold drinks, dessert items and other complementary products

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “Pop 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 (hereinafter referred to as “Marks”);

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

WHEREAS, you wish to obtain certain development rights to open and operate Shops operating under the Marks under the System within the Exclusive Area described in this Multi-Unit Operator Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1
GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi-Unit Operator Agreement, certain development rights (“Development Rights”) to establish and operate _____ (_____) franchised Shops, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 2 of this Agreement (hereinafter “Minimum Performance

Schedule”). Each Shop developed hereunder shall be located in the area described in Attachment 3 of this Agreement (hereinafter “Exclusive Area”).

1.2 Each Shop for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Shop in the Exclusive Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2

MULTI-UNIT OPERATOR FEE

In consideration of the development rights granted herein, you shall pay to us a Multi-Unit Operator Fee of _____ Thousand Dollars (\$_____), payable in a lump sum upon execution of this Agreement (“Multi-Unit Operator Fee”).

The Multi-Unit Operator Fee shall be fully earned by us upon execution of this Agreement, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted you herein.

SECTION 3

SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for Shops and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to approve or disapprove the site in our sole discretion. If the site is approved, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9 hereof. Under no circumstances, however, may you open a Shop for business unless and until there is a fully executed Franchise Agreement in place for such Shop.

3.3 You shall exercise each Development Right granted herein only by executing (or having a controlled affiliate approved by us execute) a Franchise Agreement for each Shop at a site approved by us in the Exclusive Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder shall be executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-

current Franchise Agreement, except that the Royalty and Advertising Fees shall not increase and shall be the same as stated in the first Franchise Agreement executed, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to you, our approval of the site shall be void and you shall have no rights with respect to said site.

The Initial Franchise Fees to be paid by you shall be Thirty-Five Thousand Dollars (\$35,000) for each Shop to be developed. The Initial Franchise Fee for the first Shop has been paid in full in the Multi-Unit Operator Fee, and _____ (____) deposits of Seventeen Thousand Five Hundred Dollars (\$17,500) each (being one-half (1/2) of the Initial Franchise Fee) shall be credited towards the Initial Franchise Fee for the next _____ (____) Shops to be developed hereunder. The balance of the Initial Franchise Fee for the next _____ (____) additional Shops to be developed, or Seventeen Thousand Five Hundred Dollars (\$17,500) each, shall be paid by you according to the schedule attached hereto as Attachment 2.

3.4 You acknowledge that the approval of a particular site for a Shop by us shall not be deemed to be an assurance or guaranty that the Shop will operate successfully or at a profit from such site.

3.5 You may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Popbar Shop pursuant thereto, provided that you shall also personally sign such Franchise Agreement as a principal.

SECTION 4

DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may, in our sole discretion, include the right to develop Shops at any “Non-Traditional Sites”. Non-Traditional Sites include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, prisons, hospitals, convenience stores, casinos, sports or entertainment venues or stadiums, and retail locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Shops within the Exclusive Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Shops within the Exclusive Area subject only to the territorial rights granted to you with respect to Shops operated by you pursuant to the Franchise Agreements.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Shops, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Shops and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Exclusive Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other marketing methods;

4.4.2 to operate and to grant others the right to operate Shops located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to a Shop;

4.4.3 to operate and to grant others the right to operate Shops at Non-Traditional Sites within and outside the Exclusive Area under any terms and conditions we deem appropriate; and

4.4.4 to acquire and operate a business operating one or more shops or food service businesses located or operating in the Exclusive Area.

SECTION 5

RENEWAL

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Area and continue to develop Shops, we will, in good faith, negotiate a new Multi-Unit Operator Agreement with you.

SECTION 6

TERM AND RIGHT OF FIRST REFUSAL

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Shop is opened pursuant to the Minimum Performance Schedule established in Attachment 2.

6.2 If, at any time or from time to time following the opening for business of all the Shops in accordance with the Minimum Performance Schedule, we determine that it is desirable to operate one or more additional Shops in the Exclusive Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Shop(s) upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Multi-Unit Operator Fee and the payment of the then-current Initial Franchise Fee upon execution of the then-current Franchise Agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Shop(s). You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire the Development Rights to one or all of such additional Shop(s). If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Shop(s) to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Shop(s).

SECTION 7

YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Shops and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Shops within the Exclusive Area. You shall obtain the license to use such additional rights at each Shop upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.1.3 Except as provided in Sections 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Shops and to use the System and the Marks at any location outside the Exclusive Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

(c) To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through supermarkets, groceries, club stores and other non-shop outlets outside or inside of the Exclusive Area and to use the Marks in connection therewith.

(d) To promote or conduct special events within the Exclusive Area, provided, however, that the opportunity to conduct each special event shall first be offered to you in accordance with the terms of any valid and effective Franchise Agreement.

7.1.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in its relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Popbar Shop.

7.1.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Shop be opened for business unless and until a Franchise Agreement for such Shop has been fully executed and the initial franchise fee for such Shop has been paid.

SECTION 8

OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the Shops as we make available to all multi-unit operators and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators.

SECTION 9

DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law.:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Shops to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Multi-Unit Operator Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Shop, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you are convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.8 If any of you shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you or any of your affiliates cease to operate all of the Shops opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you shall have any interest, direct or indirect, in the ownership or operation of any store engaged in the sale of products similar to those permitted to be sold by you within the Exclusive Area or in any shop which looks like, copies or imitates the Shop or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any Shop at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Shop for business before a Franchise Agreement for such Shop has been fully executed and the initial franchise fee due to us has been paid.

SECTION 10

OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Shops.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit operator of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11

TRANSFER OF INTEREST

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Paragraph shall constitute a material breach of this Agreement.

11.2 In the event of your death, disability or permanent incapacity, you (or your legal representative) may transfer all your interest to your spouse, heirs or relatives, by blood or marriage, with our consent or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.3 You have represented to us that you are entering into this Multi-Unit Operator Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Shop(s) to be constructed hereunder are opened or under construction shall be deemed to be an event of default.

11.4 If you receive from an unaffiliated third party and desires to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.4, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Area, on the same terms and conditions as offered by said third party.

In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.5 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit operators and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.6 Except as provided in this Section 11 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.6.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.6.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.6.3 You are not in default hereunder.

11.6.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.6.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Operator Agreement, Franchise Agreements for all Shops open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.6.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied).

11.6.7 You or transferee pay to us a transfer fee in an amount equal to fifty percent (50%) of our then-current initial franchise fee (for franchisees) to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.7 Upon the death or mental incapacity of any person with an interest of more than fifty percent (50%) in this Agreement, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed twelve (12) months from the date said personal representative is appointed, to dispose of the deceased's interest or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Minimum Performance Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, we shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Minimum Performance Schedule, upon ninety (90) days' notice to your representative, or we shall have the right to re-purchase same at the same price being sought by your representative.

11.8 Our consent to a transfer by you or of any of the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.9 We shall have the right, without the need for your consent, to assign, transfer or sell our rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by us herein and you receive a statement from both us and our transferee to that effect. Upon such assignment and assumption, we shall be under no further obligation hereunder, except for accrued liabilities, if any. You further agree and affirm that we may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout 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, Marks (or any variation thereof) and System and/or the loss of association with or identification of Pop Bar Franchising LLC as 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 business combination 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 "Popbar" Shops operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, except that in the event that any of these businesses are located within the Exclusive Area, they will not become "Popbar" Shops.

If we assign our rights in this Agreement, nothing herein shall be deemed to require us to remain in the frozen dessert business or to offer or sell any products or services to you.

SECTION 12

COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business 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 and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any shop or food service business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Shop, including a shop which offers and sells the same or similar food products (a "Competitive Business").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within fifty (50) miles of any Popbar Shop in the System.

12.3 Subsections 12.1.2 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

12.4 The parties agree that 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 Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you 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 Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms

of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.8 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Shop in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13

NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

SECTION 15

APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

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

SECTION 16

NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right 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 shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17

SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

SECTION 18

ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the attachments hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to

disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of New York, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of New York, New York.

ARTICLE 19

DISPUTE RESOLUTION

19.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in New York under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New York Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you hereby irrevocably submit themselves to the jurisdiction of the state courts of New York County, New York and the Federal District Court closest to our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New York or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be New York County, New York; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under New York law.

19.3 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.4 You and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in New York County, New York, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of

monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in New York County, New York.

19.5 You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, 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, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

SECTION 20

TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Shops in the Exclusive Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Shops within the Exclusive Area in accordance with the Minimum Performance Schedule, to operate such Shops pursuant to the terms of the Franchise Agreements and to maintain all such Shops in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION 21

ACKNOWLEDGMENTS

21.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HERewith; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING

FRANCHISING AND BUSINESS OPPORTUNITY VENTURES” AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

21.4 YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE NOT RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF POPBAR SHOPS OR DEVELOPMENT OF THE EXCLUSIVE AREA.

SECTION 22
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

The parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

MULTI-UNIT OPERATOR:

FRANCHISOR:
POP BAR FRANCHISING LLC

Name:_____

By:_____
Name:_____
Title:_____

**POP BAR FRANCHISING LLC
MULTI-UNIT OPERATOR AGREEMENT**

ATTACHMENT 1

CERTIFICATION BY MULTI-UNIT OPERATOR

The undersigned, personally and as Multi-Unit Operator does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Multi-Unit Operator Agreement and the Pop Bar Franchising LLC Franchise Agreement, and that the decision to execute the Multi-Unit Operator Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Operator Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated “Popbar” Shops. The undersigned further certifies that he/she understands the risks involved in this investment and Pop Bar Franchising LLC makes no representation or guaranty, explicit or implied, that the Multi-Unit Operator will be successful or will recoup his investment.

The undersigned has signed, sealed and delivered this Certificate this day of _____
_____.

Name:_____

Name:_____

Name:_____

**POP BAR FRANCHISING LLC
MULTI-UNIT OPERATOR AGREEMENT**

ATTACHMENT 2

MINIMUM PERFORMANCE SCHEDULE

The Agreement authorizes and obliges Multi-Unit Operator to establish and operate _____ (____) “Popbar” Shops pursuant to a Franchise Agreement for each Shop. The following is Multi-Unit Operator’s Minimum Performance Schedule:

Shop Number	Open & Operating On or Before	Payments Made	Balance Due For Store(s)	Due Date
Fees & Deposits for Units ____		\$	See Below	Upon simultaneous Execution of Franchise Agreement and Multi-Unit Operator Agreement
1		\$35,000.00	\$ -0-	Paid in full upon execution of the Franchise Agreement
2		\$17,500.00	\$17,500.00	On the earlier of (i) the date a lease or purchase agreement for the Shop is executed or (ii) ninety (90) days prior to the scheduled opening date for said Shop
—				On the earlier of (i) the date a lease or purchase agreement for the Shop is executed or (ii) ninety (90) days prior to the scheduled opening date for said Shop
—				On the earlier of (i) the date a lease or purchase agreement for the Shop is executed or (ii) ninety (90) days prior to the scheduled opening date for said Shop

APPROVED:
MULTI-UNIT OPERATOR:

FRANCHISOR:
POP BAR FRANCHISING LLC

Name: _____

By: _____
Name: _____
Title: _____

**POP BAR FRANCHISING LLC
MULTI-UNIT OPERATOR AGREEMENT**

ATTACHMENT 3

EXCLUSIVE AREA

The following describes the Exclusive Area within which Multi-Unit Operator may locate “Popbar” Shops under this Agreement:

EXISTING SHOPS IN EXCLUSIVE AREA

APPROVED:
MULTI-UNIT OPERATOR:

Name: _____

FRANCHISOR:
POP BAR FRANCHISING LLC

By: _____
Name: _____
Title: _____

EXHIBIT D TO THE DISCLOSURE DOCUMENT**LIST OF FRANCHISEES**

(as of December 31, 2020)

CALIFORNIA	
Annie Living, LLC Anne Tran 440 South Anaheim Boulevard Anaheim, California 92805 (714)215-4679	Concepts Living Inc.* Santa Anita Westfield Mall 400 South Baldwin Avenue, Shop A14 Arcadia, California 91007 (626)831-8626
Jasraaj Inc. 2045 Diamond Boulevard, #34 Concord, California 94520 (510) 300-7689	Concepts Living Inc.* 21010 Pacific Coast Highway, M122 Huntington Beach, California 92648 (714)369-8212
Kuewa, Long Beach, CA The Hangar @ LBX 4150 McGowen Street, Unit 12 Long Beach, California 90808 (562)420-5180	Pranav P. Patel Haven City Market 8446 Haven Avenue, Unit 141 Rancho Cucamonga, California 91730 (714)225-8253
Minh Pham and Loc Tran* 405 K Street, Suite 210 Sacramento, California 95814 (916)538-6296	
FLORIDA	
Tomas Requena and Luisana Conte* Vineland Premium Outlets 8200 Vineland Avenue, Unit #162 Orlando, Florida 32821 (407)902-4568	Tomas Requena and Luisana Conte* International Premium Outlets 4967 International Drive, Unit 166 Orlando, Florida 32819 (407)744-1720
GEORGIA	
JCPG, LLC* Halycon 6710 Town Square, Suite 130 Alpharetta, Georgia 30005 (470)294-2910	
NEW JERSEY	
Pop Jersey Inc. Jersey Garden Mall 651 Kapkowski Road Elizabeth, New Jersey 07201 (732)725-8704	

NORTH CAROLINA	
Queen City Endeavors, LLC 3123 North Davidson Street, Suite B Charlotte, North Carolina 28205 (980)237-9750	Queen City Endeavors, LLC 270 Camp Road, Suite 105 Charlotte, North Carolina 28205
North Charlotte, NC 8111 Concord Mills Boulevard, Suite #661 Concord, North Carolina 28027 (646)331-4977	
TEXAS	
Pop Brands Houston LLC* Baybrook Mall 700 Baybrook Mall Drive, B111 Friendswood, Texas 77546 (713)931-0350	Pop Brands Houston LLC* The Galleria Mall 5015 Westheimer Road, Suite A1171 Houston, Texas 77056 (713)931-0350
Popaholics Anonymous, LLC Popbar Midland @ Ally Village 200 Spring Park Lane, Suite 300 Midland, Texas 79705 (432)203-3661	Pop Brands Houston LLC* Pearland Town Center 11200 West Broadway Street, Suite 1210 Pearland, Texas 77584 (713)931-1646
Pop Brands Houston LLC* Market Street 9595 Six Pines Drive, #1030 The Woodlands, Texas 77380 (713)239-3024	

**FRANCHISEES WHO SIGNED AN AGREEMENT, BUT WHOSE OUTLET HAD NOT YET OPENED AS OF
DECEMBER 31, 2020**

CALIFORNIA	
Minh Pham and Loc Tran* 600 J Street Sacramento, California 95814 (916)213-2351	Maryam Fortani and Ryan Fortani* 3255 Gulfstream Street Pleasanton, California 94588
LOUISIANA	
Oanh Nguyen 174 14 th Street New Orleans, Louisiana 70124 (512)699-3209	
SOUTH CAROLINA	
GuichyCru LLC 215 Bennett Lane Summerville, South Carolina 29483 (619)933-5382	

*Multi-Unit Operators

FRANCHISEES WHO HAVE LEFT THE SYSTEM

(as of December 31, 2020)

ARIZONA	
Best Treats, LLC Dat Tran and Antoria Doan 930 East Campina Lane Litchfield Park, Arizona 85340 <i>Terminated 2020</i>	
CALIFORNIA	
MTRG, LLC 21540 Hawthorne Boulevard, #401C Torrance, California 90503 (310)529-8495 <i>Ceased operations 2020</i>	
TEXAS	
Luat Tran 247 West 3 rd Street Austin, Texas 78701 <i>Ceased operations 2020</i>	OM & QT LLC 1621 River Run, Suite 171 Fort Worth, Texas 76017 <i>Ceased operations 2020</i>
OM & QT LLC 1621 River Run, Suite 171 Fort Worth, Texas 76017 <i>Ceased operations 2020</i>	Popbar or Nothing Raymond Nguyen 3613 Bent Ridge Drive Plano, Texas 75074 (408)931-2994 <i>Ceased operations 2020</i>

EXHIBIT E TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

INDEX

Operational Policies:

Section 1.0 Introduction to Popbar

- Welcome to Popbar
- Our Product: Difference between Gelato and Ice Cream
- Popbar's Image and Culture

Section 2.0 Creating the Experience: Main Store Flow

- Front of House (FOH)
- Back of House (BOH)

Section 3.0 Main Store Ingredients

- Orders
- Storage

Section 4.0 Production

- Creating Mixtures
- Creating popbars
- Creating miniPops
- Batch Dipping
- Dual Flavors popbars
- popBites
- BOH Signage and Cleaning
- Master Popologist – Other Duties

Section 5.0 FOH Offerings

- Hot Chocolate on a Stick
- Frozen Hot Chocolate
- Poppings To Go

Appendix

- Popbar Display General Set Up Rules
- Popbar Inventory, Production and Wastage Sheet
- Popbar Sales Tracker
- Popbar Split Manual
- popBites Manual
- Liquids Recipes
- Merchandise Labels
- In Store Signage
- Allergy Disclaimers
- Signage to be printed before store opening
- Purchase list before store opening

Franchise Policies:

Section 1.0 General Store Information

- Store Hours

Section 2.0 Employee Responsibilities

- Store Positions
- Opening Duties
- Closing Duties
- Rules and Regulations
- Display Filling Procedures
- Service Process
- Four Target Points
- Terminology and PopDictionary

Section 3.0 Managerial Responsibilities

- Weekly Financials (WFs)
- Weekly Schedule
- Additional Procedures/Birthdays
- Hiring Staff
- Incident Report
- Inventory Sheet
- Payroll
- Tipping

Appendix

- 1.1 Hiring Advertisement Sample: Popologist
- 1.2 Hiring Advertisement Sample: Shift Manager
- 1.3 Employment Application
- 1.4 Employee Handbook / Confidentiality
- 1.5 Incident Report version 1
- 1.6 Incident Report version 2
- 1.7 Inventory Sheets
- 1.8 Service Handbook
- 1.9 Sales Tracker
- 1.10 Weekly Cleaning List
- 1.11 Steps of Service
- 1.12 Popbar Morning Fill Sheet
- 1.13 Birthday Sign
- 1.14 Opening / Closing Procedures in a Nutshell
- 1.15 General Employee Rules
- 1.16 Applicant Screening Worksheet

TOTAL PAGES - 50

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement or Multi-Unit Operator Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Multi-Unit Operator Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur in New York with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.
7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of New York. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 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).
9. 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.

10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
12. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements are per se violations of the Cartwright Act.
13. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
14. OUR WEBSITE, www.Pop-Bar.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.
15. The appropriate sections of the Franchise Agreement and Multi-Unit Operator are amended to state that the highest interest rate allowed under California law is 10%.
16. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements are per se violations of the Cartwright Act, these provisions are not enforceable in California.

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 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. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

6. 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.

7. 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.

8. 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 parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

FRANCHISEE:

FRANCHISOR:

POP BAR FRANCHISING LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8236 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT H TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this day of _____, by and between Pop Bar Franchising LLC, a New York limited liability company having its principal place of business located at 5 Carmine Street, New York, New York, 10014 (the "Franchisor"), and _____, an individual residing at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New York.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

The parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

RELEASOR:

(Name)

POP BAR FRANCHISING LLC:

By: _____

Name: _____

Title: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	<i>Pending</i>
New York	September 3, 2010, amended <i>Pending</i>

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 TO THE DISCLOSURE DOCUMENT

RECEIPTS

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Pop Bar Franchising LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Pop Bar Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit G.

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

Reuben Ben Jehuda 5 Carmine Street New York, New York 10014 (212)444-8141
--

Issuance Date: April 16, 2021

I received a Disclosure Document dated April 16, 2021, that included the following Exhibits:

- EXHIBIT A: Financial Statements
- EXHIBIT B: Franchise Agreement with Attachments
- EXHIBIT C: Multi-Unit Operator Agreement with Attachments
- EXHIBIT D: List of Franchisees and Franchisees Who Have Left the System
- EXHIBIT E: Table of Contents of the Operations Manual
- EXHIBIT F: State-Specific Addenda
- EXHIBIT G: List of State Administrators/Agents for Service of Process
- EXHIBIT H: Form of General Release
- EXHIBIT I: Receipts

Date Received: _____
(If other than date signed)

Date: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

KEEP FOR YOUR RECORDS

RECEIPT

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- EXHIBIT I: Receipts

Date Received: _____
(If other than date signed)

Date: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

Please return signed Receipt to: Pop Bar Franchising LLC
5 Carmine Street
New York, New York 10014