FRANCHISE DISCLOSURE DOCUMENT

Suspiros Franchising, LLC
an Arizona Limited Liability Company,
1686 West Valencia Road
Tucson, AZ 85746
Phone: 520-889-0491
Email: suspirospastelerias.com

Suspiros Franchising, LLC, an Arizona limited liability company ("Suspiros" or the "Franchisor") offers franchises for the operation of a business that is a retail bakery selling popular cakes with exceptional décor.

The total investment necessary to begin operation of a Suspiros franchise ranges from $117,500 to $138,650. This includes $29,500 that must be paid to us.

This Disclosure Document summarizes certain provisions of your franchise agreement, and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document**.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 1686 West Valencia Road, Tucson, Arizona 85706 or by phone at 520-295-2883.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). 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: February 22, 2024

How to Use this Franchise Disclosure Document

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

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

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

2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

Certain states may require other risks to be highlighted. If so check the "State Specific Addenda" pages for your state.

TABLE OF CONTENTS

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Suspiros Franchising, LLC (the "franchisor"). "You" means the person who buys a Suspiros franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Suspiros Franchising, LLC is an Arizona limited liability company, that was organized on October 29, 2019_]. Our principal business address is located at 1686 West Valencia Road, Tucson, Arizona, 85746, and our telephone number is 520-889-0491. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than "Suspiros."

Business History

This is our initial United States franchise offering. We are not engaged in any business other than the offering of Suspiros franchises. We do not offer franchises in any other line of business. We have not operated a business similar to the Suspiros franchise business being offered under this franchise. However, our principals and our affiliate have operated a business since 2002 similar to the business being offered under this franchise since 2006. There are over 270 locations, company owned and franchised throughout Mexico.

Parents, Affiliates and Predecessors

We do not have any parent entities or predecessors.

Our affiliate is Suspiros Cakes, LLC, an Arizona Limited Liability Company, whose principal business address is 1686 West Valencia Road, Tucson, AZ 85746. Our affiliate operates a business similar to the Suspiros franchise business being offered under this franchise since 2007. Our other affiliate in Mexico, Suspiros Pastelerías has offered Suspiros franchises since 2007. Neither affiliate has never offered franchises in any other line of business.

Description of Franchised Business

Under your Suspiros franchise (referred to in this Disclosure Document as your "Business" or your "Suspiros"), you will establish and operate a business that is a retail bakery featuring cakes, cookies and other baked goods prepared with quality ingredients and beautifully decorated. We will grant you a license to use certain logos, service marks and trademarks, including the mark "Suspiros" (collectively, the "Marks") in the operation of your Business. The "Marks" also include our distinctive trade dress used to identify a Suspiros franchise bakery, whether now in existence or created in the future. You must sign a franchise agreement (the "Franchise Agreement") and operate your Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We have developed a distinct and proprietary system (the "System") for the operation of a bakery. Distinctive characteristics of the System include logo, trade secrets, concept, style, trade secret recipes and confidential brand Standards manual and operating system. The operational aspects of a Suspiros franchise are contained within our confidential Brand Standards Manual (the "Manual"). You will operate your Suspiros franchise as an independent business using the Marks, the System, the Suspiros franchise name, as well as the support, guidance and other methods and materials provided or developed by us.

Market and Competition

The target market for Suspiros franchise is all customers who enjoy great bake goods, especially exquisite cakes. Our brand has acquired fame through the years in the Republic of Mexico and has become a sentimental favorite for thousands of customers. A Suspiros franchisee competes primarily with retail bakeries and grocery store chains that carry baked goods. Your business may also operate in proximity to competitors. Some competitors will offer many goods that are similar to those you offer.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. Laws exist in every state that govern the food-service industry, including health, sanitation and regulations relating to food preparation and storage. Some jurisdictions have passed laws that require businesses to pay employees a higher minimum wage than is required under federal law. These laws may disproportionately affect franchises. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply such as EEOC, OSHA, discrimination, employment and sexual harassment laws. The Americans with Disability Act requires readily accessible accommodation for disabled personals and therefore may affect your building construction. You must obtain permits to run the business and may require zoning permits and other operational licenses You must also comply with PCI Data Security Standards. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

President, Suspiros Pastelerías SA de CV: Arturo Esparza Fonseca

Beginning in 2005, Mr. Fonseca has been the President of Suspiros Pastelerías SA de CV in Hermosillo, Sonora, Mexico.

Partner, Suspiros Pastelerías SA de CV: Jose Armando Esparza Fonseca

Beginning in 2005, Mr. Fonseca has been a partner of Suspiros Pastelerías SA de CV in Hermosillo, Sonora, Mexico.

Chief Executive Officer: Carlos Gonzalez Otero

Beginning November 2016, Mr. Otero has been the Chief Executive Officer of Suspiros Pastelerías SA de CV in Hermosillo, Sonora, Mexico. From January 2014 to November 16 Mr. Otero was Manager of Operations at Suspiros Pastelerías SA de CV in Hermosillo, Sonora, Mexico.

Director of Marketing and Franchising: Mariana Berkowitz Soto

Beginning March 2019, Ms. Soto has been the Director of Marketing and Franchise for Suspiros Pastelerías SA de CV in Hermosillo, Sonora, Mexico. From February 2016 to March 2019, Ms. Soto was Manager of Operations; from October 2014 to February 2016, Ms. Soto was Administrative Manager, and from February 2014 to October 2014, Ms. Soto was the Director's Assistant holding these positions at Suspiros Pastelerías SA de CV in Hermosillo, Sonora, Mexico.

ITEM 3 LITIGATION

There is no litigation that must be disclosed in this disclosure document. California law requires additional disclosures related to the information contained in Item 3. These additional disclosures appear in the California Addendum that is attached to the Disclosure Document as Exhibit I.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay a $29,500 franchise fee for your franchise. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is not refundable under any other circumstances. The initial franchise fee is uniform and fully earned.

The Department of Financial Protection and Innovation requires that the Franchisor defer the collection of all initial fees from California Franchisees until the Franchisor has completed all its pre-opening obligations and Franchisee is open for business.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee [1,2]	6% of monthly Gross Revenues [2]	5th day of month for prior month's operations	You must provide us with weekly reports of your Gross Revenues.
Brand and System Development Fund Fee [1,3]	1% per month	Tuesday each week for prior month's operations	See Note 3
Cooperative Advertising Fee [1,4]	1%-2% per month	Tuesday each week for prior month's operations	See Note 4.
Training Fee [1,5]	Up to $500 per person per day plus travel expenses	10 days after invoice	See Note 5
Conference Registration Fee [1,6]	Varies	10 days after invoice	See Note 6.
Technology Fee [1,7]	Varies (none currently charged but we estimate it could range from $100-$200 per month)	10 days after invoice	See Note 7.
Mystery Shopper / Quality Assurance Program Expense [1,8]	Varies	10 days after invoice	See Note 8.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Marketing Materials and Inventory [3]	Varies depending on item purchased	At time order placed	We will provide you with our current price list at the time you sign the Franchise Agreement.
Audit Fee [1]	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Fines [1]	Up to $ 250 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. We will deposit all fines into the brand and system development fund.
Renewal Fee [1]	50% of then-current initial franchise fee (Franchise Agreement)	At time you sign Renewal Agreement	None.
Transfer Fee [1]	100% of the then existing franchise fee	Before transfer	Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control for certain transfers of ownership interests between existing owners or to immediate family members
Late Fee [1]	Lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	None.
Default Interest[1]	Lesser of 10% per annum (pro-rated on daily basis) or highest rate permitted by law	Immediately upon demand	If there are sufficient funds in your designated checking account to cover all amounts due us as such amounts become due and you provide to us all reports in a timely manner, you will not be charged default interest.
Attorneys' Fees and Costs[1]	Will vary with circumstances	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates.
Management Fee[1]	Commercially reasonable rate (not to exceed 20% of gross revenues)	10 days after invoice	If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Business until you cure the default **or** find a replacement Managing Owner, as applicable.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Indemnification [1]	Will vary with circumstances	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Business or your breach of the Franchise Agreement.
New Product or Supplier Testing [1,7]	Cost of testing	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Insurance [1]	Actual cost of premiums, plus our costs and expenses	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.

NOTES:

(1) All fees are imposed by and are payable to us except that we collect the cooperative advertising fee and transfer these funds to the applicable advertising cooperative. All fees are non-refundable and uniformly imposed on franchisees. You will be required to sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "F" permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.

(2) “Gross Revenues” means all gross sums that you bill or collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any business interruption insurance. “Gross Revenues” does not include sales or use taxes, or amounts refunded to customers or any tips to employees.

(3) We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. As of the issuance date of this Disclosure Document, we have not yet formed the fund. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution.

(4) We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the cooperative advertising fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees within the advertising cooperative. Any Suspiros franchise bakery that we operate will have the same voting power as third party franchisees. If we own the majority of Suspiros franchise bakery within an advertising cooperative, we will not increase the cooperative advertising fee without the consent of a majority of all third- party franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including any Suspiros franchise bakery that we operate. All cooperative advertising fees that you pay will be credited towards your Local Marketing Commitment.

(5) Before you open, we will provide our initial training program at no additional charge for your owners and key managers. You must pay us a training fee of up to $500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners or managers); (ii) any

person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request and (v) each person who attends any system-wide or additional training that we conduct. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the $5,000 training fee for the complete initial training program.

(6) We may hold periodic national or regional conferences to discuss business and operational issues affecting Suspiros franchisees. Attendance at these conferences is mandatory, although we will not require your owners or managers or key employees to attend more than one conference during any calendar year. You are also responsible for all expenses and costs that the conference attendees incur, including wages, travel and living expenses. All registered for the conference share expenses equally.

(7) Currently, we require that you utilize software provided by a third-party supplier. You are required to pay this supplier for use of the software. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software that must be used by Suspiros franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time.

(8) We reserve the right to engage the services of one or more “mystery shoppers” or quality assurance inspection firms for purposes of inspecting Suspiros franchise bakery for quality control purposes. These inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. If we implement such a program, we intend to utilize the program for all Suspiros franchise bakery, including bakery owned by us and our affiliates. Franchisees may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which case all franchisees must pay their proportional share of the total fee based on the number of open bakeries owned by the franchisee as compared to the total number of all open Suspiros franchise bakery at the time of the program (including company and affiliate-owned bakery). We agree to pay our proportionate share of these costs with respect to each Suspiros franchise bakery that is owned by us or our affiliates. We do not mark up these fees or retain any portion of the amounts that you pay to us for our mystery shopper / quality assurance program.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$29,500	Lump sum	At time you sign Franchise Agreement	Us
Food Lodging & Travel (2-3 while training)	$500 to $700	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 3 Months’ Rent[2,8]	$2,000 to $5,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord

Build Out & Improvements[3]	$27,000 to $29,500	As incurred	Before opening	Architects, contractors, suppliers
Signage	$3,000 to $5000	Lump sum	Before opening	Suppliers
Decorating, Furniture & Furnishings	$35,000 to $42,000	As incurred	Before opening	Suppliers
Computer System[5]	$1,450 to $1,950	Lump sum	Before opening	Suppliers
Initial Supply of Inventory[6]	$1,050 to $3,000	Lump sum	Before opening	Suppliers
Grand Opening Advertising[7]	$5,000 to $6,500	Lump sum	10 days before through 10 days after opening	Newspaper, Yellow Pages, ad printers, other media.
Utility Deposits, Business Licenses & Other Prepaid Expenses[9]	$2,000 to $4,000	As incurred	Before opening	Suppliers
Professional Fees	$1,000 to $3,000	Lump sum	Before opening	Lawyers, architects & accountants.
Insurance (1-12 months' premium)	$2,500 to $3,500 Suggested	Lump sum	Before opening	Insurance companies
Additional Funds (3 month period after opening) [9]	$3,000 to $5,000	As incurred	As incurred	Suppliers and employees
Total Estimates Initial Investment	$117,500 to $138,650			

NOTES:

(1) We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable except that a portion of the initial franchise fee may be refunded under the circumstances described in Item 5. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

(2) These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most Suspiros franchise bakery will range in size from 750 to 1,300 square feet. We estimate the rent will range from $800 to $2,000 per month, although your actual rent may vary significantly above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 month's security plus 3 month's rent. Some franchisees may prefer to own their bakery facility. The costs of purchasing a bakery facility vary so widely that we cannot reasonably estimate the cost.

(3) The cost of leasehold improvements and build-out vary widely based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements.

(4) The type and size of the signage you actually install will be based upon the zoning, property use

requirements and any landlord imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.

(5) You must purchase or lease the computer hardware and software that we require.

(6) You must offer for sale at your bakery all goods that we specify. You are required to maintain a reasonable supply of these items at your bakery at all times. The estimate in the chart above represents the cost for an initial supply of these items.

(7) During the period beginning 14 days before opening through 14 days after opening, you must spend a minimum of $3000 on grand opening marketing activities.

(8) This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. Your initial 3 months of rent is separately stated in the table above. These figures are estimates based on the past experience of our affiliate operating a Suspiros business.

(9) You may have additional expenses starting your Business. Your costs will depend on a variety of factors, including how closely you follow our methods and procedures; your management skills, experience and knowledge; the local real estate market; the prevailing wage rate; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain “source restricted” goods and services for the development and ongoing operation of your Business. By “source restricted,” we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, taste, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs that we incur in reviewing a proposed supplier and testing the products.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: the lease for your facility; fixtures, furnishings and décor; operating equipment; signage; computer equipment and POS system; certain operating supplies; inventory; marketing materials; insurance policies; real estate services (i.e., site selection and lease negotiation); architectural services; web development services; social media services. We estimate that nearly 85% of the total purchases and leases that will be required to establish your Business and 85% of your ongoing operating expenses will consist of source restricted goods or services.

Computer Equipment and POS System

Your computer system and POS system must meet our standards and specifications. You may purchase your computer from any supplier of your choosing. You must purchase your POS system and related equipment from our designated supplier.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. We do not restrict the suppliers from whom you may purchase these items.

Operating Equipment

You must purchase certain auto repair operating equipment that meets our standards and specifications. Certain operating equipment must be purchased from approved or designated suppliers while other operating equipment may be purchased from any supplier of your choosing.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications. You may purchase these items from any supplier of your choosing.

Inventory

All of your inventory must meet our standards and specifications. You must purchase these items only from approved or designated suppliers. You may not utilize any inventory items that we have not approved.

Marketing Materials

All of your marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from us or other suppliers that we designate or approve. We also require that you utilize our designated marketing company to implement your grand opening marketing campaign.

Signage

All of your exterior signage must meet our standards and specifications and must be purchased from a designated or approved supplier.

Lease

We will review the terms of your lease and need to approve the terms in the lease. If you lease the premises for your Shop, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your bakery. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

Architectural Services

You must engage an architect to modify our plans and specifications for your Shop to comply with local ordinances, building codes, permit requirements and lease requirements and restrictions. We reserve the right to require you to use an architect that we designate or approve.

Construction of Bakery

We will provide you with a floor plan for the design and layout of a Suspiros bakery. Your architect must prepare final plans for your bakery and we must approve those plans before you commence construction. You must construct and equip your bakery according to the approved plans as well as the specifications contained in the Manual. Your architect and contractor must be appropriately licensed and bonded (if required by applicable law). We may require that you use one of our designated architects (if licensed in your state). If we do not require that you utilize an architect that we designate, then we must approve the architect you select.

Computer Equipment and POS System

Your computer system (including software and hardware) and POS system must meet our standards and specifications. You may purchase your computer from any supplier of your choosing. You must purchase your POS system and related equipment from our designated supplier.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. You must use the décor items that we specify or approve. We do not restrict the suppliers from whom you may purchase these items.

Signage

All of your exterior signage must meet our standards and specifications and must be purchased from a designated or approved supplier.

Equipment

You must purchase kitchen equipment that meets our standards and specifications. Certain equipment must be purchased from approved or designated suppliers while other equipment may be purchased from any supplier of your choosing.

Small Wares

You must purchase small wares that meet our standards and specifications. You may purchase these items from any supplier of your choosing.

Uniforms

Your employees must wear the uniforms that we specify. You must purchase these uniforms from a designated or approved supplier.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications. You may purchase these items from any supplier of your choosing.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with an A.M. Best's rating of A-VIII or better. The required coverage currently includes: “all risk” property insurance; business interruption insurance for 12 months; garage keepers insurance in the minimum amount of $20,000 per repair bay; comprehensive general liability insurance in the minimum amount of $1,000,000 per occurrence and $2,000,000 in the aggregate; automobile liability insurance in the minimum amount of $1,000,000 per occurrence; commercial umbrella insurance with the minimum amount of $1,000,000 per occurrence; worker’s compensation insurance; and any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

We and our affiliate, Suspiros Cakes, LLC are currently an approved supplier for all bakery items sold. We may designate ourselves as an approved or designated supplier for other items in the future. Mr. Arturo Esperenza, and Mr. Armando Esperenza own an interest in Suspiros Cakes, LLC, supplier of all baked goods. There are no other approves suppliers in which any of our officers owns an interest.

We do not receive rebates, payments or other material benefits from suppliers based on franchisee purchases but reserve the right to do so and we have no obligation to pass them on to our franchisees or use them in any particular manner.

Neither we nor our affiliates have received any revenues from franchisee purchases from us or other designated or approved suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.2	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: Section 7.2, 7.4 & 12.4	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: Section 7.1 & 7.4	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: Section 5	Item 6 & Item 11
e. Opening	FA: Section 7.4	Item 11
f. Fees	FA: Section 4.2, 5, 6.2, 11.1,11.4, 12.4, 12.6, 12.11, 15, 17.1, 18.2, 21.2	Item 5 & Item 6
g. Compliance with standards and policies/Brand Standards Manual	FA: Section 6.1, 7.1, 7.3, 11.3, 12 & 19.1	Item 11
h. Trademarks and proprietary information	FA: Section 19	Item 13 & Item 14
i. Restrictions on products/services offered	FA: Section 12.3	Item 16

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
j. Warranty and customer service requirements	FA: N/A	Not Applicable
k. Territorial development and sales quotas	FA: Section 13	Item 12
l. Ongoing on product/service offered	FA: Section 12.4	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Section 12.5 & 12.7	Item 11
n. Insurance	FA: Section 17.1	Item 6 & Item 7 & Item 8
o. Advertising	FA: Section 11	Item 6, Item 7 & Item 11
p. Indemnification	FA: Section 20	Item 6
q. Owner's participation/ management/staffing	FA: Section 8	Item 11 & Item 15
r. Records/reports	FA: Section 17.2 & 17.3	Item 6
s. Inspections/audits	FA: Section 18	Item 6 & Item 11
t. Transfer	FA: Section 21	Item 17
u. Renewal	FA: Section 4	Item 17
v. Post termination obligations	FA: Section 23	Item 17
w. Non-competition covenants	FA: Section 16	Item 17
x. Dispute resolution	FA: Section 24	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: ATTACHMENT"E"	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or 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.

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Business. (Section 2)

2. Approve the location, build-out and design of your bakery. See Section below entitled "Site Development" for additional information. (Sections 7.1, 7.3 & 7.4)

3. Loan you 1 copy of the Manual, which will help you establish and operate your Business. See Section below entitled "Manual" for additional information. (Section 6.1)

4. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We do not deliver or install any of the items that you are required to purchase. (Section 12.3)

5. Loan you 1 copy of Point (the "Software"). See Section below entitled "Computer System" for additional information. (Section 6.2)

6. Provide an initial supply of marketing materials. See Section below entitled "Local Advertising" for additional information. (Section 11.2)

7. Provide you with our mandated marketing plan for your Business together with an estimated day initial supply of approved promotional materials. See Section below entitled "Local Advertising" for additional information. (Section 11.2)

8. Provide an initial training program. See Section below entitled "Training Program" for additional information. (Section 5)

9. Send one or more of our representatives to your bakery to provide 7 days of on-site assistance relating to the opening of your Business. (Section 6.3)

10. Provide you with your own local webpage to promote your Business. See Section below entitled "Computer System" for additional information. (Section 6.6)

During the operation of your Business, we will:

1. Give you ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.5)

2. Provide periodic training programs. See Section below entitled "Training Program" for additional information. (Section 5)

3. Maintain an Internet Website that will include a list of all of the Suspiros franchisees that are in good standing with us. We may modify the content of and/or discontinue this Website at any time in our sole discretion. (Section 6.6 & 11.3(e))

4. Establish and implement the brand and system development fund. See Section below entitled "Brand and System Development Fund" for additional information. (Section 11.1)

5. Sell our baked good to you and we or our affiliate(s) will be the exclusive provider of baked good unless otherwise approved by us in writing (Section 12.4)

During the operation of your Business, we may, but need not:

1. Develop new cakes and other product for sale by Suspiros franchisees and sell you goods at wholesale cost. (Section 12)

2. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.7)

3. Hold periodic national or regional conferences to discuss business and operational issues affecting Suspiros franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5)

4. Create a franchise advisory council. See Section below entitled "Advisory Council" for additional information. (Section 14)

5. Upon your request, provide additional training or assistance (either at our headquarters or at your bakery). See Section below entitled "Training Program" for additional information. (Section 5)

Training Program (Section 5 & 22.2(i))

Overview

We will provide an initial training program for the Managing Owner (defined in Item 15)and all owners who will actively participate in the Business and any Manager that you designate and we approve. These individuals must successfully complete the initial training program to our satisfaction before you open your Business.

During the first year of operations, we will require at least one owner (Managing Owner) to be on site full time. There is no specific period of time after signing or before opening that training must be completed. However, you cannot open your bakery until you have passed training. The initial training program includes approximately 7 days of training at our corporate headquarters located in Hermosillo, Sonora, Mexico, (or at any other location we designate) and an additional approximate 8 days of on-site training at your bakery. A portion of the corporate training may also take place at a company-owned bakery. The on-site training is an informal training program where we monitor your operations and assist you with the opening of your bakery. Currently, we intend to offer the initial training program at least Semi-annually assuming sufficient demand.

Training Topics

The initial training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Orders	8	8	Outlet Suspiros
Prices & Sales	6	12	Outlet Suspiros
Customer Support	4	24	Outlet Suspiros
Institutions	4	8	Outlet Suspiros
Providers	4	-0-	Outlet Suspiros
Total	26	52	

Training Materials

For the classroom training, the training materials will consist of the Manual. For on-site training, the training materials will consist of the Manual and any printed materials that the instructor fees will be relevant. You will not be charged an additional fee for any of the training materials.

Instructors

Mariana Barkowitz is in charge of our training program. Our current instructors is Ms. Marcela Gonzalez whose experience is based on her employment with the Affiliate company in Mexico since 2019.

Ongoing Training

From time to time, we may require that your Managing Owner, managers and other employees attend system-wide refresher or additional training courses. If you appoint a new Managing Owner or Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Business.

If we conduct an inspection of your bakery and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, manager and other employees attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your bakery). We are not required to provide this additional training.

Training Fees and Costs

We will provide the initial training program at no additional charge. We will also provide two additional trainings per year, one at no cost, and the other one with a $1,000 fee. You must pay us a training fee of up to $ 500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners or managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request and (v) each person who attends any system- wide or additional training that we conduct. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we will charge the new franchisee the $250 training fee for each of the transferee's owners and employees that attends our initial training program.

Manual (Section 6.1, 12.2 & 26.8)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Suspiros franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your bakery; and (v) a written list of goods and services (or specifications for goods and services) you must purchase for the construction of your bakery facility and the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "D". It contains a total of 130 pages.

Site Development (Section 7.1, 7.2, 7.3, 7.5 & 12.7)

A Suspiros franchise bakery typically ranges in size from 200-900 sq feet. We do not own the premises and then lease it to the franchisee. You must locate and obtain our approval of the premises from which you will operate your Business within 90 days after your sign the Franchise Agreement. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" to the Franchise Agreement and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators. We do not select the site for your location, and we do not purchase the premises and lease it to you. If you fail to obtain our approval of your site in the required period of time, we may terminate your Franchise Agreement.

We will review the terms of your lease. However, if you will lease the premises for your bakery, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your bakery.

We will provide you with generic prototype plans for a Suspiros franchise bakery. You must hire a licensed and bonded architect to prepare detailed construction plans. The architect must ensure these plans comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must construct and equip the premises to the specifications contained in the Manual and the approved plans. You must also install the equipment, fixtures, signs and other items that we require. Before you open, we must approve the build-out and layout of your bakery. You must remodel and make all improvements and alterations to your bakery that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. We will not require that you spend more than $38.000 on remodeling your bakery during any 7-year period. However, there is no limitation on the cost of any remodeling that we may require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior approval.

Computer System (Section 12.4, 12.5, 12.6, 17.3 & 18.1)

You are required to purchase a computer system that consists of the following items: You will be required to purchase an Intel Pentium Gold G5400 Dual Core 3.7 HHZ/4GB TAM/ SSD 60 GB/ Windows 10 Home . The computer system will also need and we require Point software which will generally be used to record employee attendance, sales transactions, electronic invoice, special bakery requests, client data base, inventory control and monthly financial reports. Your computer system will collect revenue information to submit to us**.** We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We estimate the cost of your computer system will range from $120 per month per outlet.

Except as otherwise disclosed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then- current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Brand and System Development Fund (Section 11.1)

We will establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. The fund will not be used for paying for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must contribute to the fund the amount we specify from time to time (not to exceed 3% of Gross Revenues). We will deposit into the fund all: (i) fund contributions paid by you and other franchisees (unless we allocate the fees to an advertising cooperative); (ii) fines paid by you and other franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company owned Suspiros franchise bakery that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. We have not expended any funds at the time of this offering.

We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request.

Local Advertising (Section 11.2 & 11.3)

You must spend at least $5,000 on your grand opening marketing activities. We may require that you utilize our designated marketing company to design and implement your customized grand opening marketing plan.

In addition to your grand opening marketing obligations, you must spend a minimum monthly amount equal to your Local Marketing Commitment (which is 1-2% of your Gross Revenues) on local advertising. We will measure your compliance with this requirement on a rolling 6-month basis, meaning that as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you will be deemed in compliance even if your expenditure in any given month is less than the minimum Local Marketing Commitment. You must participate at your own expense in all advertising, promotional and marketing programs that we require.

We will provide you with an initial marketing plan for your Business. The marketing plan will be included in the Manual.

We may create and make available to you advertising and marketing materials at no additional charge. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify, and we will have 15 days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 15-day period will constitute our disapproval of the materials.

You are encouraged to market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop.

At this time, we do not allow our franchisees to maintain their own websites or market their Suspiros franchise businesses on the Internet. Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network or social media site. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a website and/or market on the Internet.

Advertising Cooperatives (Section 11.4)

We may, but need not, form one or more advertising cooperatives for the benefit of all Suspiros franchise bakery located within a particular region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay a cooperative advertising fee equal to 1 %. Any Suspiros franchise bakery owned by us or our affiliates that are located within the cooperative would contribute on the same basis as other franchisees. All cooperative advertising fees that you pay will be credited against your Local Marketing Commitment. We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. In most instances, the boundaries of an advertising cooperative will coincide with zip codes, designated marketing areas or municipal boundaries.

If we implement an advertising cooperative in a particular region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Suspiros franchise bakery operated by us or our affiliates would also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Opening Requirements (Section 7.4)

You may not open your Business before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your bakery.

We anticipate that a typical Suspiros franchisee will open his or her Suspiros franchise bakery within 6 months after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Business must be opened within 9 months after you sign the Franchise Agreement. Your failure to open within the 270 -day period constitutes an event of default under your Franchise Agreement.

ITEM 12 TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate a single Suspiros franchise bakery at a single location that must be approved by us in advance. You will be required to identify a location for your Suspiros franchise bakery within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement. You may relocate your bakery with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i)locate your new bakery within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement (ii) comply with all of our then-current site selection and development requirements; and (iii) open your new bakery and resume operations within 30 days after closing your prior bakery.

Your Territory

You will receive a territory that will be identified in ATTACHMENT "B" to your Franchise Agreement in the form of a map. Your territory will be subject to the limitations described below with respect to Alternative Channels of Distribution (defined below). We will not operate or authorize a third party to operate a Suspiros franchise bakery using our Marks that is physically located within your territory during the term of your Franchise Agreement, provided you are not in default. Other Suspiros franchisees may advertise within your territory, although their advertising must be primarily directed towards customers within their territory. Likewise, you may advertise within the territories of other Suspiros franchisees, although your advertising must be primarily directed towards customers within your territory. 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.

Alternative Channels of Distribution

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers from a Suspiros franchise bakery. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores; (iii) sales made at wholesale; (iv) sales through catering or other delivery services; and (v) sales through kiosks or mobile trailers. We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory. All of your marketing activities must be primarily directed towards customers within your territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory.

Minimum Performance Requirements

We require that you generate at least $120,000 in Gross Revenues during your first year of operations and $156,000 in Gross Revenues during each subsequent year. Your failure to meet this quota constitutes a default under your Franchise Agreement, permitting us to terminate your franchise or modify your territory.

Additional Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Suspiros franchise bakery. However, we reserve the right to do so in the future.

Additional Limitations on Your Rights

We also reserve the right to operate Suspiros franchise bakery, or license others to operate Suspiros franchise bakery, in Captive Venues. A "Captive Venue" means a non-traditional outlet for the sale of Suspiros franchise products or services that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Suspiros franchise products or services. Examples of Captive Venues include outlets for Suspiros franchise products or services that are located in hotels, college campuses or universities, airports, train stations, stadiums or sporting arenas, bus stations, shopping malls, or within other similar types of establishments. Captive Venues are excluded from your territorial protections. This means that we may operate, or license or franchise a third party to operate, a Suspiros franchise bakery within a Captive Venue that is located within your territory. You are not entitled to any compensation for sales that take place from Captive Venues within your territory.

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Suspiros franchises operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your territory, and if this occurs, you will not be entitled to any compensation for sales made by the business.

We reserve the right to sell, or license others to sell, competitive or identical goods or services (including under our Marks) to National Accounts, regardless of location. A "National Account" is a business that has multiple outlets or offices, one or more of which may be located in your territory. Sales to National Accounts are excluded from your territorial protections. This means that your territorial protections do not limit our ability to sell or license others to sell competitive or identical goods or services to National Accounts within your territory. You are not entitled to any compensation for sales that take place to National Accounts.

Gift Card Purchases

We offer gift cards for products and services that may be redeemed at any Suspiros franchise bakery. We may sell these gift cards on our website. You may offer gift cards at your bakery. You must honor all gift cards, even if the customer purchased the gift card from our website or from another Suspiros franchise bakery. If a customer purchases a gift card from one Suspiros franchise bakery and redeems the products or services at another Suspiros franchise bakery, our current policy is that the bakery that sold the card will retain 50% of the revenues from the gift card purchase while the bakery providing the services or products will retain 50% of the revenues from the gift card purchase. Only the sale of the gift card will generate royalty fees. We may change our gift card policies at any time.

ITEM 13 TRADEMARKS

Suspiros Cakes, LLC, an Arizona limited liability company ("Suspiros"), registered the following trademarks on the United States Patent and Trademark Office principal register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
SUSPIROS (Word)	4,099,289	February 14, 2012 (February 14, 2032))
	4,115,180	March 20, 2012 (March 20, 2032)
	6,026,350	April 7, 2020 (April 7, 2030)
	6,084,364	June 23, 2020 (June 23, 2030)
	6,084,370	June 23, 2020 (June 23, 2030)

All required affidavits have been filed.

On November 15, 2019, we entered into an Intellectual Property License Agreement (the "License Agreement") with Suspiros Cakes, LLC. Under the terms of the License Agreement, Suspiros Cakes granted us the right to use the Marks in the Suspiros franchise system and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Suspiros is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and Suspiros mutually agree to terminate the License Agreement or if we breach Suspiros' the quality control standards and fail to cure the breach within a 60-day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name "Suspiros" and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Suspiros franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, we will reimburse you for your tangible costs of compliance (e.g., changing brochures, business cards, etc.). We have no other liability to you for changing the Marks.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Suspiros franchise name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Suspiros' right to the Marks.

We will indemnify you against, and reimburse you for: (i) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of the Marks in strict compliance with the Franchise Agreement and Manual; and (ii) all costs you reasonable incur in defending against any such claim brought against you in any proceeding in which you are named as a party. Our indemnification obligation will only apply if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Suspiros franchise bakery, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of the Business (the "Managing Owner"). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must dedicate his or her full- time efforts to your Business for the first full year of operations. Subsequently, we will allow you to delegate management functions to a Manager. Any Managing Owner or Manager must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner and Manager must also complete any mandatory refresher or advanced training courses that we require. The Manager must sign a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "G" (a "Brand Protection Agreement").

We do require that the owners sign a personal guaranty. All of your employees and other agents who may have access to our confidential information must sign a Confidentiality Agreement, the current form of which is attached to the Franchise Agreement as ATTACHMENT "H". In addition, we may require that the spouses of the franchise owners sign Brand Protection Agreements.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell as part of your Business. You must offer all goods and services that we require, including restrictions on the purchase of goods unless approved by us. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Business at any time in our sole discretion, and you must comply with any such change. We shall be the exclusive provider of cakes and cookies and other baked goods and you will purchase from us or our affiliate(s) unless we agreed otherwise in writing.

To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you offer. We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of the franchise term	FA: Section 4.1	Term is equal to 7years.
b. Renewal or extension of the term	FA: Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. The renewal term will be 7 years, for a total maximum term of 21 years.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
c. Requirements for you to renew or extend	FA: Section 4.1 & 4.2	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement,, Brand Protection Agreement, etc.); sign a general release; pay the renewal fee; remodel or upgrade your bakery to comply with our then-current standards and specifications; and maintain possession of your bakery under your lease. **and you have run a successful operation based upon our franchisee evaluation scoring system** If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
d. Termination by you	FA: Section 22.1	You can terminate only if we fail to cure a material default within the cure period.
e. Termination by us without cause	FA: Section 22.4	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	FA: Section 22.2 & 22.3	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: Section 22.2 & 22.3	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults").
h. "Cause" defined - non-curable defaults	FA: Section 22.2	The following defaults cannot be cured: failure to successfully complete training; failure to find approved site, secure lease or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; failure to meet minimum performance requirements; termination of your lease due to your default; or termination of any other agreement between you and us or an affiliate due to your default.
i. Your obligations on termination/nonrenewal	FA: Section 23.1	Obligations include complete de-identification; cease use of intellectual property; return of Manuals and all branded materials; assignment of telephone numbers, listings and domain names; cancellation of fictitious names; and payment of amounts due (also see "r", below).
j. Assignment of contract by us	FA: Section 21.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 21.2 & Attachment A (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
l. Our approval of transfer by you	FA: Section 21.2, 21.3 & Attachment A (definition of “Permitted Transfer”)	If certain conditions are met, you may transfer to a newly formed entity owned by you, or in certain instances, to an immediate family member or existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: Section 21.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the bakery to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release (subject to state law) and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal
n. Our right of first refusal to acquire your business	FA: Section 21.5	We have the right to match any bona fide, arms-length offer for your business.
o. Our option to purchase your business	FA: Section 23.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
p. Your death or disability	FA: Section 21.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
q. Non-competition covenants during the term of the franchise	FA: Section 16.2 & 16.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
r. Noncompetition covenants after the franchise is terminated or expires	FA: Section 16.2, 16.4 & 23.1	No involvement for 2 years in competing business [GEOGRAPHIC AREA]; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
s. Modification of the agreement	FA: Section 26.3 & 26.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	FA: Section 26.8	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: Section 24	The Agreement requires mediation before arbitration, currently in Tucson, AZ.
v. Choice of forum	FA: Section 24	Subject to state law, any permitted litigation must take place in county where we maintain our principal place of business (currently Tucson) at time dispute arises.
w. Choice of law	FA: Section 26.1	Subject to state law, Arizona law governs the Franchise Agreement.

ITEM 18 PUBLIC FIGURES

We do not use any public figures 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. 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 Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting us at (502) 295-2883 or suspirospasteleriras.com.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2021	2	4	+2
	2022	4	9	+5
	2023	9	12	+3
Company-Owned	2021	4	4	0
	2022	4	2	-2
	2023	2	2	0
Total Outlets	**2021**	**6**	**8**	**+2**
	2022	**8**	**11**	**+3**
	2023	**11**	**14**	**+3**

NOTES:

1. Our fiscal year ends on December 31. All references to years in these tables refers to the calendar end of that year. The outlets listed in this table only refer to outlets that are open on the relevant date.

2. By "company-owned" we mean Business Facility owned by us or our affiliates.

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023		
State	**Year**	**Number of Transfers**
All States	2021	0
	2022	0
	2023	0
Totals	**2021**	**0**
	2022	**0**
	2023	**0**

NOTES:

1. Our fiscal year ends on December 31. All references to years in these tables refers to the calendar end of that year. The outlets listed in this table only refer to outlets that are open on the relevant date.

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Arizona	2021	2	1	0	0	0	0	3
	2022	3	4	0	0	0	0	7
	2023	7	0	0	0	0	0	7
California	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	2	0	0	0	0	4
Totals	**2021**	**2**	**2**	**0**	**0**	**0**	**0**	**4**
	2022	**4**	**5**	**0**	**0**	**0**	**0**	**9**
	2023	**9**	**3**	**0**	**0**	**0**	**0**	**12**

NOTES:

1. Our fiscal year ends on December 31. All references to years in these tables refers to the calendar end of that year. The outlets listed in this table only refer to outlets that are open on the relevant date.

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2021	4	0	0	0	0	4
	2022	4	0	0	2	0	2
	2023	2	0	0	0	0	2
Totals	**2021**	**4**	**0**	**0**	**0**	**0**	**4**
	2022	**4**	**0**	**0**	**2**	**0**	**2**
	2023	**2**	**0**	**0**	**0**	**0**	**2**

NOTES:

1. Our fiscal year ends on December 31. All references to years in these tables refers to the calendar end of that year. The outlets listed in this table only refer to outlets that are open on the relevant date.

2. By "company-owned" we mean Business Facility owned by us or our affiliates.

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Arizona	2	2	0
California	0	3	0
Texas	1	3	0
Totals	**2**	**8**	**0**

NOTES:

1. By "company-owned" we mean Business Facility owned by us or our affiliates.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

Our Mexican affiliate has franchised in Mexico since 2007. We currently have 53 company stores and 123 franchises throughout the Republic of Mexico.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document at EXHBITI "F" are our audited financial statements for years ended December 2021, 2022 and 2023.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "G"	Franchisee Disclosure Questionnaire
EXHIBIT "H"	General Release

Attachments to Franchise Agreement

ATTACHMENT "C"	Intellectual Property License Agreement
ATTACHMENT "D"	Lease Addendum
ATTACHMENT "E"	Franchise Owner Agreement
ATTACHMENT "F"	ACH Authorization Form
ATTACHMENT "G"	Brand Protection Agreement
ATTACHMENT "H"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 1-866-275-2677	Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103 1-860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services The Rhodes Building 2005 Apalachee Parkway Tallahassee, FL 32399 850-410-3800	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Jr. Drive, Suite 356 Atlanta, GA 30334 404-651-8600	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62701 217-782-1090	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House – Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6300	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Franchise Division 525 W. Ottawa Street G. Mennen Williams Bldg., 1st Floor Lansing, MI 48913 517-335-7567	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street #300 Lincoln, NE 68508 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Investor Protection Bureau New York State Department of Law 28 Library Street, 21st Floor New York, NY 10005 212-416-8236	Secretary of State of New York 99 Washington Avenue Albany, NY 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH CAROLINA	Secretary of State's Office/Securities Division Legislative Annex Building 2 South Salisbury Street Raleigh, NC 27601 919-814-5400	Secretary of State Secretary of State's Office 2 South Salisbury Street Raleigh, NC 27601
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-2910	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 14th Floor Columbus, OH 43215 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 204 N. Robinson Ave., Suite 400 Oklahoma City, OK 73102 405-280-7700	Same
OREGON	Department of Insurance and Finance Corporate Securities Section 350 Winter Street, NE Room 410 Salem, OR 96309 503-378-4140	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue Cranston, RI 02920 401-462-9500	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General JOHN O. PASTORE CENTER Bldg. 69, First Floor 1511 Pontiac Avenue Cranston, RI 02920
SOUTH CAROLINA	Secretary of State 1205 Pendleton Columbia, SC 29201 803-771-0131	Same
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 124 South Euclid Avenue, 2nd Floor Pierre, SD 57501 605-773-3563	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section 1019 Brazos Austin, TX 78701 512-463-5705	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South Salt Lake City, UT 84114 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8700	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

JAMES A. ULLMAN
5646 North Scottsdale Road
Scottsdale, Arizona 85253

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

SUSPIROS FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

____
ADDRESS OF SUSPIROS

Initial: ______
Initial: ______

TABLE OF CONTENTS

ATTACHMENTS

Initial: ______
Initial: ______

SUSPIROS FRANCHISE AGREEMENT

This Suspiros franchise Agreement (this "Agreement") is entered into as of_____________, 20__(the "Effective Date") between Suspiros Franchising, LLC, an Arizona Limited Liability Company, ("Suspiros", "we" or "us") and __________________, a(n) _____________________("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Suspiros bakery (your "Business" or your "bakery") using our Intellectual Property solely within the geographic area identified in ATTACHMENT "B" (your "Territory"). As a Suspiros franchisee, you will offer our full range of cakes and other bakery products and private label items for retail sale. We may operate, or license or franchise others to operate, Suspiros franchise business from any location outside of your Territory. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a non-exclusive territory consisting of the geographic area identified in ATTACHMENT "B" (your "Territory"). By non-exclusive, we mean that we will not operate, or grant a franchise or license to a third party to operate, a Suspiros bakery that is physically located within your Territory during the Term, except as otherwise provided in this Section with respect to Captive Venues, Alternative Channels of Distribution, National Accounts and Acquisitions. We reserve the right to: (i) operate, or grant franchises or licenses to third parties to operate, Suspiros bakery in Captive Venues that are located in your Territory; (ii) sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory; (iii) sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) to National Accounts, including National Accounts that are located, in whole or in part, within your Territory; and (iv) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Territory.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire seven (7) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Business, you may enter into a maximum of two (2) successor franchise agreement(s) each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Suspiros franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be seven (7) years, for a maximum total term of twenty-one (21) years. You will have no further right to operate your Business following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. **Renewal Requirements.** In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a renewal fee equal to 50% of our then current initial franchise fee; (vi) remodel your bakery to comply with our then-current standards and specifications;(vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (viii) take any additional action that we reasonably require.

4.3. **Interim Term.** If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. **Initial Training Program.** The Managing Owner and all of your employees that we specify must attend and successfully complete our initial training program before you open your Business.

5.2. **Initial Training For New Owners/Managers.** If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

5.3. **Periodic Training.** We may offer periodic refresher or additional training courses for your Owners and employees. Attendance at these training programs is mandatory. We will not require attendance at more than one (1) periodic training course] during any calendar year.

5.4. **Additional Training Upon Request.** Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5. **Remedial Training.** If we conduct an inspection of your bakery and determine that you are not operating your bakery in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and management personnel attend remedial training that is relevant to your operational deficiencies.

5.6. **Conferences.** We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Suspiros franchisees. Attendance at these conferences is mandatory. We will not require attendance at more than one (1) conference during any calendar year.

5.7. Training Fees and Expenses. We will provide our initial training program at no additional charge for your Managing Owner and any Manager. Also, we do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Suspiros franchise bakery. You must pay us a training fee of up to $500 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners or managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request and (v) each person who attends any system-wide or additional training that we conduct. We may charge you a conference registration fee of. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the $250 training fee for each of the transferee's owners and employees that attends our initial training program. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will lend you our confidential Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Software. We will loan you one copy of our proprietary software program called "POINT" (the "Software"). The Software is confidential and remains our property. If we modify the Software, you must incorporate and comply with any such modification and there are no limitations on the frequency or cost of these modifications.

6.3. Opening Assistance. We will send a representative to your bakery for a minimum of seven (7) days to assist you with the opening of your Business. We will not charge a fee for this assistance. However, you must reimburse us for all reasonable travel, meals, lodging and other expenses that our representative incurs in providing this assistance. You agree to reimburse us for these amounts within 10 days after invoicing.

6.4. General Guidance. Based upon our periodic inspections of your bakery or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

6.5. Marketing Assistance. As further described in Section 11.1 and Section 11.2, we may, but need not, administer the brand and system development fund and provide you with other marketing assistance during the Term.

6.6. **Website.** We will maintain a website for Suspiros franchisees that will include the information about your Business that we deem appropriate. We may modify the content of and/or discontinue the Website at any time in our sole discretion. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times.

6.7. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost-plus shipping fees and a reasonable markup.

7. ESTABLISHING YOUR BAKERY

7.1. **Site Selection**. You agree to locate and obtain our approval of the premises from which you will operate your Business within 90 days after the Effective Date. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within thirty (30) days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30- day period. Our approval shall be evidenced by the execution of Section B of ATTACHMENT "B" by you and us. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Suspiros franchise bakery. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. **Lease**. If you will lease the premises for your bakery, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your bakery. You and the landlord must sign the lease and Lease Addendum within _90 days after we approve your site. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. **Construction.** We will provide you with prototype plans for a Suspiros franchise bakery. You must hire an architect in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. We must approve the architects, contractors and other suppliers you use to construct your bakery. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your bakery.

7.4. **Opening**. You must open your Business to the public within 270 days after the Effective Date. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your bakery. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your bakery and you agree to make any changes we require before opening.BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.5. **Relocation.** You may relocate your bakery with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new bakery within the Territory;

(ii) comply with Sections 7.1 through Section 7.4 of this Agreement with respect to your new bakery and (iii) open your new bakery and resume operations within 30 days after closing your prior bakery.

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by the Managing Owner. The Managing Owner must at all times during the first year of operation be actively involved in the operation of the Business on a full-time basis and provide on-site management and supervision unless we authorize you to delegate management functions to a manager. Any new Managing Owner that we approve must successfully complete the initial training program. By signing the Agreement, each Owner agrees to be personally bound by all of its terms, even if the franchisee is an entity.

8.2. **Managers.** You may hire a manager to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) we approve the manager in our commercially reasonable discretion; (; (ii) the manager successfully completes the initial training program; (iv) the manager signs a Brand Protection Agreement; and (v) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Business if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. The Manager cannot operate the facility alone without the guidance of the Managing Owner during the first year of operations.

8.3. **Employees.** You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, timecards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters.

You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days; or (ii) you are in material breach. The Interim Manager will cease to manage your Business at such time that you hire an adequate replacement Managing Owner who has completed training, or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "E".

11. ADVERTISING & MARKETING.

11.1. Brand and System Development Fund.

(a) Administration. We may but need not establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions.

(b) Contributions. On each Tuesday, you must pay us a brand and system development fund fee equal to 1% of your Gross Revenues for the prior week's operations. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; (ii) fines paid by you and other franchisees.

11.2. Marketing Assistance From Us. We will provide you with an initial required marketing plan for your Business. .The marketing plan will be included in the Manual. We may create and make available to you advertising and other marketing materials at no additional charge. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. Although you are encouraged to engage in local advertising, you are not required to spend any minimum amount on local advertising to promote your Business except for your grand opening obligations specified in Section 11.3(b). However, you agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4. You also agree to comply with any gift card program that we establish, the specific terms of which may be set forth in the Manual.

(b) Grand Opening. During the period beginning 14 days before opening and 14 ending days after opening, you must spend a total of at least $3000 on advertising and other marketing activities to promote your Business. We must approve all such advertising in accordance with Section 11.3(d).

(c) Standards for Advertising. All advertisements and promotions that you create, or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you modify). We will be deemed to have disapproved the materials if we fail to issue our approval within seven (7) days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. At this time, we do not allow our franchisees to maintain their own websites or market their Suspiros franchise businesses on the Internet or on any social media site. Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network (including social network services and social media sites) in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet. You must comply with any social media policy that we develop from time to time.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (i) allocate any portion of the marketing fund fee to the advertising cooperative; (ii) determine the composition of all geographic territories and market areas for each advertising cooperative; and (iii) require that you participate in any advertising cooperative if and when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. You must pay the monthly cooperative advertising fee established by us or the council, as applicable, which will be due on each Tuesday for the prior week's operations. The initial cooperative advertising fee shall be equal to no greater than 2% of Gross Revenues. Upon the majority vote of all franchisees within the advertising cooperative, the amount of the cooperative advertising fee may be adjusted (or temporarily suspended) or the cooperative advertising fee may be eliminated altogether. One percent of the cooperative advertising fees that you pay will be credited against your minimum local marketing expenditure requirement set forth in Section 11.3(a). If we or an affiliate of ours operate a majority of the Suspiros franchise bakery within the advertising cooperative, we will increase the cooperative advertising fee only with the consent of a majority of all third-party franchisees within the advertising cooperative. We will collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

12. OPERATING STANDARDS.

12.1. Generally. You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. Brand Standards Manual. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Suspiros franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your bakery; policies and procedures pertaining to any gift card program that we establish; and (v) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. **<u>Authorized Goods and Services</u>.** You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Business without our prior written permission. You may not use your bakery or permit your bakery to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

12.4. **<u>Suppliers and Purchasing</u>.** You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Suspiros franchise bakery, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. We are a supplier of all your baked goods and you agree to purchase all goods for retail sale from us or our affiliate at wholesale prices we establish, unless we agree otherwise in writing. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within 10 days after invoicing.

12.5. **<u>Equipment Maintenance and Changes</u>.** You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6. **<u>Software and Technology</u>.** We may change the software or technology that you must use at any time. We may also develop proprietary software or technology that must be used by Suspiros franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. All fees referenced in this Section are due 10 days after the invoice is send.

12.7. **<u>Remodeling and Maintenance</u>.** You agree to remodel and make all improvements and alterations to your bakery that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. We will not require that you spend more than $38.000 on remodeling your bakery during any 7-year period. However, there is no limitation on the cost of any remodeling that we may require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your bakery in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the bakery at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the bakery as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.8. Hours of Operation. The minimum hours of operation for your Business shall be from 10:00 a.m. through 7:00 p.m., Monday through Saturday, and from 10:00 a.m. through 6:00 p.m. on Sunday, or any other minimum hours of operation that we specify from time to time. Your Business must be open every day of the year unless otherwise agreed to by us. You must establish specific hours of operation and submit those hours to us for approval.

12.9. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.10. Quality Assurance Programs. At any time, we reserve the right to engage the services of one or more “mystery shoppers” or quality assurance inspection firms who will inspect Suspiros franchise bakery for quality control purposes. These inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You agree to fully cooperate with any such inspection. If we implement such a program, you may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which you must pay your proportional share of the total fee based on the number of open bakeries owned by you as compared to the total number of all open Suspiros franchise bakery at the time of the program (including company and affiliate-owned bakery). You agree to pay us this fee within 10 days after invoicing.

12.11. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $500 per occurrence.

13. MINIMUM PERFORMANCE REQUIREMENTS. During your first year of operation, you are required to generate at least $120,000 in Gross Revenues. During each subsequent year, you are required to generate at least $156,000 in Gross Revenues. Your failure to comply with this requirement constitutes an event of default under this Agreement, in which case we have the right to elect in our sole and absolute discretion whether to terminate this Agreement.

14. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

15. FEES

15.1. Initial Franchise Fee. You agree to pay us a twenty-nine thousand five hundred dollar ($29,500) initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed

15.2. Royalty Fee. On the Tuesday of each week., you agree to pay us a royalty fee equal to 5% of your Gross Revenues by direct debit to your operating account

15.3. Brand and System Development Fee. On the Tuesday of each week, you agree to remit to us 1% of the prior week's Gross Revenues by direct debit to your operating account, all as previously specified in Section 11.

15.4. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 15. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

15.5. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 15.6 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 17.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 15.5 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

15.6. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "Account") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "F". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 15.5.

15.7. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

16. BRAND PROTECTION COVENANTS.

16.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

16.2. Our Know-how. You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

16.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any Customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

16.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term

Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

16.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 16 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 16 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

16.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

16.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Suspiros franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 16 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

16.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 16 will cause substantial and irreparable damage to us and/or other Suspiros franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 16 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 16.

17. YOUR OTHER RESPONSIBILITIES

17.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (ii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and 2,000,000 in the aggregate; (v) worker's compensation insurance and employer's liability insurance as required by law; and (vi) any other insurance that we specify in the Manual from time to time. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet this criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

17.2. Books and Records. You agree to prepare and maintain at your bakery for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must send us copies of your books and records within seven (7) days of our request.

17.3. Reports. No later than the fifteenth (15th) day of each month, you must prepare and provide to us monthly statements of: (i) your Gross Revenues and expenses for the prior month's operations; and (ii) your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business.

17.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally

Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

17.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

18. INSPECTION AND AUDIT

18.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your bakery, evaluate your operations and inspect or examine your books, records, accounts and tax returns and monitor and review your general operations. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

18.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 15.5. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

19. INTELLECTUAL PROPERTY

19.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

19.2. **Changes to Intellectual Property**. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property. If we require you to change the Marks, our sole obligation will be to reimburse you for your reasonable documented expenses of compliance, including changing signage, brochures, stationary, etc. You waive all other claims arising from or relating to any change, modification, substitution or discontinuation of the Intellectual Property. Except for the reimbursement obligation listed in this Section, we will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

19.3. **Use of Marks**. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

19.4. **Use of Know-how**. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

19.5. **Improvements.** If you conceive of or develop any improvements or additions to the marketing, method of operation or the services or products offered by a Suspiros business (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Suspiros franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Suspiros business.

19.6. **Notification of Infringements and Claims**. You must immediately notify us of any:

(i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

20. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; and (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners based upon the violation of any third party's intellectual property rights caused by your use of our Marks in strict compliance with the terms of this Agreement and the Manual. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

21. TRANSFERS

21.1. <u>By Us</u>. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

21.2. <u>By You</u>. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Because this is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a Suspiros franchise business and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business; the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vi) you remodel your bakery to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(vii) you or the transferee pay us a transfer fee equal to 100% of our then-current initial franchise fee to defray expenses that we incur in connection with the Transfer;

(viii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(ix) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(x) we do not elect to exercise our right of first refusal described in Section 21.5; and

(xi) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

21.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

21.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 21.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

21.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 21.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

22. TERMINATION

22.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 23 and all other obligations that survive the expiration or termination of this Agreement.

22.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to obtain our approval of your site within the time period required by Sections 7.1;

(iii) if you fail to secure a fully executed lease and Lease Addendum within the time period required by Section 7.2;

(iv) if you fail to open your Business within the time period required by Section 7.4;

(v) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(vi) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(vii) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(viii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;

(ix) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(x) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks; if you manage or operate your Business in a manner that presents a health or safety hazard to your customers, employees or the public;

(xi) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xii) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(xiii) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 22.3;

(xiv) if you make an unauthorized Transfer;

(xv) if you make an unauthorized use of the Intellectual Property;

(xvi) if you breach any of the brand protection covenants described in Section 16;

(xvii) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xviii) if you fail to meet the minimum performance requirements described in Section 13;

(xix) if the lease for your premises is terminated due to your default; or

(xx) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your defaul0074.

22.3. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 22.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

22.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

23. POST-TERM OBLIGATIONS.

23.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 16 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner; return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a Suspiros franchise business, unless we allow you to transfer such items to an approved transferee;

(iv) return all copies of the Software (and delete all such software from your computer memory and storage);

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vi) assign all customer contracts to us (unless we allow you to transfer those contracts to an approved transferee);

(vii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(viii) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

23.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your bakery and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3^{rd}) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3^{rd}) Qualified Appraiser within the 30-day period, then a third (3^{rd}) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

24. DISPUTE RESOLUTION. DISPUTE RESOLUTION. THE PARTIES AGREE TO SUBMIT ANY CLAIM, DISPUTE OR DISAGREEMENT (EXCEPTING ANY CLAIM FOR INJUNCTIVE RELIEF), BUT INCLUDING ANY MATTER PERTAINING TO THE VALIDITY, ENFORCEMENT

OR INTERPRETATION OF THIS AGREEMENT (INCLUDING COMPLIANCE WITH OUR SYSTEM STANDARDS) OR ISSUES RELATING TO THE OFFER AND SALE OF THE FRANCHISE OR THE RELATIONSHIP BETWEEN THE PARTIES (A "DISPUTE") TO MEDIATION BEFORE A MUTUALLY AGREED UPON MEDIATOR. IF THE PARTIES CANNOT AGREE, THE AMERICAN ARBITRATION ASSOCIATION LOCATED IN PIMA COUNTY, ARIZONA SHALL APPOINT A SINGLE MEDIATOR. THE MEDIATION WILL TAKE PLACE IN A LOCATION MUTUALLY AGREED UPON. THE MEDIATION SHALL BE COMPLETED WITHIN 30 DAYS OF THE DISPUTE BEING FILED, IS LIMITED TO EIGHT HOURS, AND THE PARTIES MUST EQUALLY SPLIT ALL ASSOCIATED MEDIATION COSTS AND FEES.

IF THE DISPUTE IS NOT RESOLVED BY MEDIATION WITHIN 30 DAYS AFTER EITHER PARTY MAKES A DEMAND FOR MEDIATION, THE PARTIES AGREE AND HEREBY SUBMIT TO THE PERSONAL JURISDICTION OF THE STATE OR FEDERAL COURT IN ARIZONA FOR LITIGATION OF ALL UNRESOLVED CLAIMS.

25. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) 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 CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) TEN (10) BUSINESS DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

26. GENERAL PROVISIONS

26.1. <u>Governing Law</u>. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

26.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

26.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

26.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Suspiros franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

26.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

26.6. Force Majeure. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

26.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 17.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 17.1 and Section 20, respectively.

26.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 26.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

26.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

26.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

26.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 15, Section 16, Section 18, Section 20, Section

23, and Section 26.

26.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

26.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

26.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

26.15. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first-class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU:	As set forth below your signature on this Agreement
US:	Suspiros Franchising, LLC 1686 West Valencia Road Tucson, AZ 85706
WITH A COPY TO:	James A. Ullman 5646 North Scottsdale Road Scottsdale, Arizona 85253

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

[Signature Page Follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Suspiros Franchising, LLC, an Arizona Limited Liability Company,

By:____________________________________
Name:__________________________________
Its:_____________________________________

YOU (If you are an entity):

_______________________________________,
a(n)___________________________________

By:____________________________________
Name:__________________________________
Its:_____________________________________

***By signing below, each individual owner of a direct or indirect interest in the franchisee entity agrees to be bound by all of the terms and conditions of the Franchise Agreement.**

____
Name:__________________________________

____
Name:__________________________________

____
Name: _________________________________

____
Name:__________________________________

Franchisee's Principal Business Address:
____
____
____
____

YOU (If you are not an entity):

____
Name:__________________________________

____
Name: _________________________________

____
Name: _________________________________

____
Name: _________________________________

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 15.6.

"Acquisition" means either (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (ii) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"Acquired Assets" is defined in Section 23.2.

"Agencies" is defined in Section 23.1(viii).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than retail sales made to customers from a Suspiros franchise bakery, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores; (iii) sales made at wholesale; (iv) on-site sales to customers, such as sales to employee groups at a business site or sales to customers in their homes; and (v) sales through catering or other delivery services;

"Appraisal Date" is defined in Section 23.2.

"Appraised Value" is defined in Section 23.2.

"Brand Protection Agreement" means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "G".

"Business" is defined in Section 2.

"Captive Venues" means non-traditional outlets for the sale of Suspiros franchise products or services that are located within, or are a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Suspiros franchise products or services. Examples of Captive Venues include outlets for Suspiros franchise products or services that are located in hotels, college campuses or universities, airports, train stations, stadiums or sporting arenas, bus stations, shopping malls, or within other similar types of establishments.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that sells bakery products, especially cakes and cookies;

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "H".

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Suspiros franchisees to use, sell or display in connection with the marketing and/or operation of a Suspiros franchise bakery, whether now in existence or created in the future.

"Dispute" is defined in Section 24.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Revenues" means all gross sums collected or billed by you from all goods and services sold in connection with your Business, together with any other revenue or monies derived in connection with your Business, including the proceeds of any business interruption insurance. "Gross Revenues" does not include: (i) revenues that you collect from a customer and later refund to that customer; or (iii) any sales or use taxes that you pay to a government agency.

"Improvements" is defined in Section 19.5.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Interim Manager" is defined in Section 8.4.

"Interim Term" is defined in Section 4.3.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Suspiros franchise bakery, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the daily on-premises management and supervision of the Business.

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Suspiros franchise bakery, including "Suspiros," and any other trademarks, service marks or trade names that we designate for use in a Suspiros franchise bakery. The term "Marks" also includes any distinctive trade dress used to identify a Suspiros franchise bakery, whether now in existence or hereafter created.

"National Account" means a business that has multiple outlets or offices, one or more of which may be located in your Territory.

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"Passive Owner" means an Owner who is not actively involved with the management, supervision or operation of the Business and who does not have knowledge of or access to our Know-how. If the franchisee is an Entity, an Owner is not deemed to be actively involved with the management, supervision or operation of the Business solely on account of any indirect control exerted through his or her minority voting rights.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer , other than a Transfer by an Owner who is the Managing Owner; or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power; and/or (iii) a Transfer from an Owner to a spouse, parent, sibling, child or grandchild of such Owner. Other than the Managing Owner

"Post-Term Restricted Period" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. "Post-Term Restricted Period" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"Prohibited Activities" is defined in Section 16.3.

"Qualified Appraiser" is defined in Section 23.2.

"Restricted Territory" means the geographic area within: (i) a 10 mile radius from your Suspiros franchise bakery (and including your bakery itself); and (ii) a 10 mile radius from all other Suspiros franchise bakery that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 5 mile radius from your Suspiros franchise bakery (and including your bakery itself).

"Site Selection Area" is defined in Sections 7.1.

"Software" is defined in Section 6.2.

"Successor Agreement" is defined in Section 4.1.

"System" means our distinct and unique system for the operation of a business that bakery, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs and products, confidential brand standards manual and operating system.

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

SITE SELECTION AND TERRITORY

A. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

____

B. Approved Site.

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Suspiros franchise bakery.

Approved address:

____

____

By signing below, you and we agree that the address identified in Part C above shall be deemed your approved site for your Suspiros franchise bakery established and operated pursuant to the Franchise Agreement.

Franchisor	Franchisee
SUSPIROS FRANCHISING, LLC]	
_________________________________	
By:_________________________________	By:_________________________________
Name:_____________________________	Name:_____________________________
Its:_________________________________	Its:_________________________________
Date:_______________________________	Date: _______________________________

C. Territory.

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as further depicted on the map attached on the following page):

____

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

INTELLECTUAL PROPERTY LICENSE AGREEMENT

[See Attached]

INTELLECTUAL PROPERTY LICENSE AGREEMENT

THIS INTELLECTUAL PROPERTY LICENSE AGREEMENT, is effective this 15th day of November, 2019 (the "Effective Date") by and between Suspiros Cakes, LLC, an Arizona limited liability company, ("Suspiros Cakes") and Suspiros Franchising, LLC, an Arizona limited liability company ("Suspiros Franchising").

RECITALS

WHEREAS, Suspiros Cakes is the owner of the trademarks, service marks, logos, trade dress and other commercial symbols listed in Exhibit A (collectively, the "Trademarks");

WHEREAS, Suspiros Franchising has a business purpose of developing and operating a nation-wide franchise (the "Franchise Services") for Bakery Services ("Bakery Services");

WHEREAS, in order for Suspiros Franchising to conduct the Franchise Services, Suspiros Franchising requires a license to the Trademarks for use on and in connection with the Franchise Services and the sublicense of the same to franchisees authorized under agreement by Suspiros Franchising ("Franchisees") for use in connection with Bakery Services;

WHEREAS, Suspiros Cakes is willing to grant to Suspiros Franchising a limited license in the Trademarks, subject to the terms and conditions herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and covenants herein, the parties agree as follows:

1. LICENSE GRANT.

1.1 Subject to the terms of this Agreement, Suspiros Cakes grants Suspiros Franchising a royalty-free, non-exclusive license to use the Trademarks and the goodwill attendant thereof, solely within the United States to (i) operate and provide the Franchise Services, (ii) use the Trademarks on marketing and promotional materials in connection with the Franchise Services ("Materials"), (iii) sublicense the same to Franchisees for use in connection with Bakery Services subject to the terms and conditions of this Agreement, and (iv) use "Suspiros" as part of Suspiros Franchising's corporate or legal entity name.

1.2 Suspiros Cakes retains exclusive ownership and the right to use the Trademarks for its business purposes, including without limitation the licensure of other third parties in Suspiros Cakes' discretion.

1.2 The Trademarks shall be used by Suspiros Franchising only in connection with the Franchise Services under this Agreement and may not be used for any other purpose.

1.3 Suspiros Franchising acknowledges that from time to time and without Suspiros Franchising's approval, Suspiros Cakes may modify certain elements of the Trademarks, including without limitation the addition of new marks and modifications to existing Trademarks. Accordingly, Suspiros Cakes does not represent or warrant that the Trademarks or any of their elements as provided to Suspiros Franchising will be maintained or used by Suspiros Cakes in any particular fashion. In the event that Suspiros Cakes modifies the Trademarks or creates new trademarks, it will notify Suspiros Franchising and make such modified or new trademarks and the parties will discuss whether such materials will be made available for use by Suspiros Franchising. To the extent the parties agree that such new materials may be used by Suspiros Franchising in connection with the Franchise Services or Bakery Services, any such modifications will be considered part of the Trademarks, as applicable, and automatically licensed to Suspiros Franchising hereunder.

2. QUALITY CONTROL.

2.1 Subject to the terms of this Section 2, Suspiros Franchising acknowledges Suspiros Cakes' right to approve the quality, style and appearance of the Franchise Services, Bakery Services, and any Materials bearing any Trademark or otherwise used in connection with the Franchise Services or Bakery Services.

2.2 The Franchise Services, and any product sold, displayed, or otherwise used in connection with the Franchise Services must be provided, marketed, distributed, manufactured and developed by or on behalf of Suspiros Franchising in accordance with all applicable federal, state and local laws and regulations. Suspiros Franchising is also responsible to ensure that the Bakery Services provided by any Franchisee are provided, marketed, distributed, manufactured and developed by or on behalf of the Franchisees in accordance with all applicable federal, state and local laws and regulations.

2.3 Suspiros Franchising is solely responsible for the sublicensing of the Trademarks to Franchisees for use by Franchisees in connection with Bakery Services, which sublicense is subject to Suspiros Cakes' prior review and approval.

2.4 Prior to any use of any Trademark by Suspiros Franchising, Suspiros Franchising will submit such anticipated use to Suspiros Cakes for review. Suspiros Cakes will have five (5) days' prior to Suspiros Franchising using the Trademarks to review the use of such Trademarks by Suspiros Franchising for compliance with Suspiros Cakes' standards. In the event, Suspiros Cakes does not notify Suspiros Franchising of any nonconformity with such standards within the 5-day period, Suspiros Franchising may proceed and Suspiros Cakes' approval will be deemed granted. Once Suspiros Cakes has approved the use of the Trademarks, neither Suspiros Franchising nor any Franchisee may materially modify the appearances of the Trademarks without Suspiros Cakes' subsequent review and written approval of such modifications.

2.7 Suspiros Franchising agrees to use the Trademarks in accordance with generally accepted proper trademark usage. Suspiros Franchising further agrees not to use the Trademarks in any manner which derogates, ridicules or places in an unfavorable light the Trademarks or the reputation of Suspiros Cakes. Suspiros Franchising is solely responsible for ensuring all Franchisees are compliant with generally accepted proper trademark usage when using the Trademarks.

2.8 Upon written request from Suspiros Cakes, Suspiros Franchising will provide representative samples of all Trademark-branded Materials or other products which display the Trademarks used by Suspiros Franchising or any Franchisees to Suspiros Cakes for approval. In the event Suspiros Cakes determines such samples do not meet Suspiros Cakes standards as required by the terms of this Agreement, Suspiros Cakes will notify Suspiros Franchising and Suspiros Franchising will promptly remedy the same and destroy all noncomforming materials at Suspiros Franchising's cost. Unless Suspiros Cakes has a reasonable and good faith belief that Suspiros Franchising's or any Franchisee's uses of the Trademarks do not comply with the standards set forth in this Section 2, Suspiros Cakes may make no more than four (4) such requests per year.

2.9 Suspiros Cakes may review Suspiros Franchising's provision of the Franchise Services at any time to ensure the quality of the same and compliance with the terms of this Agreement, provided such review is during regular business hours and does not unreasonably interrupt Suspiros Franchising's conduct of business. In the event Suspiros Cakes determines as a result of such review that any Franchise Services do not meet Suspiros Cakes' standards as set forth in this Agreement, Suspiros Franchising will promptly remedy such nonconformance.

2.10 In addition, Suspiros Cakes will have the right to take such action and provide such instructions to the Suspiros Franchising as Suspiros Cakes determines is necessary to assure that the Franchise Services and Bakery Services and all uses of Trademarks in connection with the same conform to the Suspiros Cakes standards, and Suspiros Franchising will cooperate with Suspiros Cakes and follow Suspiros Cakes' instructions as provided in writing to correct any deficiencies to bring them into conformity with the Suspiros Cakes standards.

2.11 Suspiros Franchising may not modify the Trademarks as provided by Suspiros Cakes, without prior express written consent of Suspiros Cakes. In the event Suspiros Franchising develops any changes or modifications to the Trademarks, Suspiros Franchising will provide Suspiros Cakes with notice of such development and copies of the same and Suspiros Franchising expressly agrees to assign and hereby assigns all right, title and interest in and to any such changes or modifications in full at no charge or cost to Suspiros Cakes.

3. ADDITIONAL Suspiros Franchising OBLIGATIONS.

3.1 Suspiros Franchising will comply with all applicable laws and regulations and obtain all appropriate governmental approvals pertaining to the provision of the Franchise Services. Suspiros Franchising will exercise commercially reasonable control over any Franchisee to ensure the above quality controls are met and all use of the Trademarks meet or exceed the Suspiros Cakes standards.

3.2 Suspiros Franchising will use commercially reasonable efforts to market the Bakery Services to potential Franchisees.

3.3 Suspiros Franchising must promptly notify Suspiros Cakes of any non-routine inquiry, investigation, inspection or any other action by any governmental body or other person or entity, with respect to the Franchise Services or products or materials provided under the

Trademarks, including without limitation any such matter that pertains to product quality and/or safety.

3.4 Each party will promptly notify the other of any end user customer complaints made that involve complaints related to the Franchise Services provided by Suspiros Franchising or any Franchisee or any Trademark. Suspiros Franchising will use efforts consistent with its customary policies and practices to resolve such complaints and inquiries.

4. TERMINATION AND EXPIRATION.

4.1 Subject to the termination provisions set forth in Section 4, this Agreement will remain in full force and effect so long as Suspiros Franchising continues to use the Trademarks in connection with the Franchise Services.

4.2 Unless otherwise agreed upon by the parties in writing, this Agreement will expire upon the following:

(i) Dissolution of Suspiros Franchising;

(ii) Consolidation or merger of Suspiros Franchising;

(iii) Suspiros Franchising petitions for relief under the Bankruptcy Code of the United States, or any country or territory, or if voluntary bankruptcy proceedings are instituted under any federal, state or foreign insolvency laws, or if such a proceeding is imminent, or of it is adjudged bankrupt, or if Suspiros Franchising makes an assignment for the benefit of its creditors of all or substantially all of Suspiros Franchising's assets.

4.3 Either party may terminate this Agreement upon written notice to the other in the event of a breach by the other party which remains uncured within thirty (30) days following such written notice, provided the written notice provides sufficient details as to the nature of the alleged breach.

4.4 Upon termination or expiration of this Agreement, the rights granted in the Agreement shall continue with respect to the then-operating Franchisees through the then existing renewal terms in such Franchisee agreements with Suspiros Franchising, but shall cease with respect to Suspiros Franchising's development of additional ventures or amendments on existing franchise agreement that would extend the duration of the agreement.

5. OWNERSHIP AND PROTECTION OF RIGHTS.

5.1 Suspiros Cakes will be responsible for all filing, prosecution and retention of any state or federal applications or registrations for the Trademarks or any portion thereof, which filings and registrations will be in the discretion of and under the direction of Suspiros Cakes and its reasonable counsel of choice. Suspiros Franchising may not file or apply for any applications covering any Trademarks or any portion thereof under this Agreement as further set forth below.

5.2 Suspiros Franchising recognizes the value of the goodwill associated with the Trademarks and acknowledges that such goodwill belongs exclusively to Suspiros Cakes. Suspiros Franchising acknowledges the exclusive right, title and interest of Suspiros Cakes in and to the Trademarks and agrees that it will not claim or represent that it owns any right, title, or interest in or to any of the Trademarks.

5.3 Suspiros Franchising agrees that its use of the Trademarks inures to the benefit of Suspiros Cakes and agrees not to register, attempt to register, or attempt to obtain ownership, on its own behalf or through a third party, in any jurisdiction, of any of the Trademarks or part thereof. Suspiros Franchising further agrees not to contest Suspiros Cakes' ownership of the Trademarks.

5.4 At the request of Suspiros Cakes, Suspiros Franchising will perform any reasonable acts necessary to preserve and protect, and to vest in Suspiros Cakes' ownership of and title to the Trademarks, including, without limitation, the execution and delivery of necessary documents.

5.5 Suspiros Franchising agrees not to use or authorize use of, either during or after the term of this Agreement, any configuration, mark, name, design, logo or other designation confusingly similar to any of the Trademarks.

5.6 Suspiros Franchising agrees to notify Suspiros Cakes promptly of any merchandise or services advertised, promoted or sold that may constitute an infringement or improper use of the Trademarks, of which Suspiros Franchising has knowledge. Suspiros Cakes has the sole right (but not the obligation) to pursue the same and will pursue any such alleged infringement or use in its discretion. Suspiros Franchising agrees not to contact any third party, not to make any demands or claims, not to institute any suit, and not to take any other action on account of such infringements or uses without first obtaining the prior written permission of Suspiros Cakes. All costs and expenses, including attorneys' fees, incurred in connection with any suit instituted by Suspiros Franchising without the consent of Suspiros Cakes will be borne solely by Suspiros Franchising.

5.7 At the request of Suspiros Cakes, Suspiros Franchising further agrees to assist Suspiros Cakes in obtaining, defending and enforcing its rights in or registration of the Trademarks by providing evidence, testimony, and documents concerning, among other things, Suspiros Franchising's use of the Trademarks, and by taking any other action reasonably requested by Suspiros Cakes, including but not limited to joining in any such enforcement action, at Suspiros Cakes' expense.

6. INDEMNIFICATION.

6.1 Suspiros Cakes assumes no liability to Suspiros Franchising or any third parties with respect to the Franchise Services or products provided by Suspiros Franchising. Suspiros Franchising agrees to hold harmless and indemnify Suspiros Cakes and its officers, shareholders, affiliates, employees and agents against liabilities, damages, judgments, expenses, fines, penalties, costs and fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or arising from any third party claim, allegation, lawsuit, demand or proceeding, based upon or arising from (i) the provision of the Franchise Services, (ii) the use or distribution of any product or service, (iii) any act or omission of Suspiros Franchising or its Franchisees, personnel, agents or representatives, (iv) any violation of applicable law or regulation, or (v) any breach of this Agreement, including, but not limited to, unauthorized use of the Trademarks.

6.2 Suspiros Cakes agrees to hold harmless, defend and indemnify Suspiros Franchising, its officers, shareholders, employees and agents against liabilities, damages, judgments, expenses, fines, penalties, costs and fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or arising from any third party claim, allegation, lawsuit, demand or proceeding, based upon or arising from a third party claim of trademark, trade dress or copyright infringement, or unfair competition under U.S. law related to Suspiros Franchising's authorized use of the Trademarks as permitted by this Agreement on or in connection with the Franchise Services as expressly authorized by this Agreement provided that (a) prompt written notice is given to Suspiros Cakes of any such suit or claim; (b) Suspiros Cakes will have the option and right to undertake and conduct the defense of any such suits or claims brought against Suspiros Franchising (provided Suspiros Franchising can participate in such defense with attorneys' of its own choice and at its own cost); and (c) no settlement of any suit or claim is made or entered into without the prior express written consent of Suspiros Cakes, which may not be unreasonably withheld, conditioned or delayed.

7. LIMITATION OF LIABILITY. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL OR SPECIAL DAMAGES, INCLUDING LOSS OF PROFIT, CAUSED BY BREACH OF THIS AGREEMENT. THE FOREGOING LIMITATION DOES NOT APPLY TO THE PARTIES' INDEMNIFICATION OBLIGATIONS AS SET FORTH IN THIS AGREEMENT.

8. INSURANCE. For and during the term of this Agreement and for so long as Suspiros Franchising is performing its obligations hereunder, Suspiros Franchising shall secure and maintain at its own expense insurance of the type and in sufficient quantities reasonable given the nature of the Franchise Services and Suspiros Franchising's business. Suspiros Franchising will provide Suspiros Cakes with certificates of insurance evidencing the above coverage with insurance carriers with an A.M. Best rating of A- VII or better. The certificates of insurance will provide that the carrier will endeavor to give Suspiros Cakes at least thirty (30) days' prior written notice of any material change or cancellation of coverage. Such insurance policies will contain a waiver of all subrogation rights (and such policies will be so endorsed to so provide if necessary), at no additional cost to Suspiros Cakes. All insurance maintained by Suspiros Franchising will be primary and noncontributory with respect to any insurance or self-insurance maintained by Suspiros Cakes. Suspiros Cakes approval of any insurance policies maintained by Suspiros Franchising under this Agreement will not relieve Suspiros Franchising of any obligations or act as any limitation of liability.

9. REMEDIES. The parties hereto acknowledge that any material breach of this Agreement by Suspiros Franchising will result in immediate and irreparable damage, and that money damages alone will be inadequate to compensate the non-breaching party. Therefore, in the event of a material breach or threatened material breach of any provision of this Agreement by

Suspiros Franchising, Suspiros Cakes may, in addition to all other remedies, obtain immediate injunctive relief prohibiting the breach or compelling specific performance without the posting of a bond, proof of damages or other similar requirement.

10. SEVERABILITY. If any provision of this Agreement is held to be unenforceable, such provision will be limited and construed so as to make it enforceable consistent with the parties' manifest intentions or, if such limitation or construction is not possible or would be inconsistent with the parties' manifest intentions, such provision will be deemed stricken from this Agreement. In any such event, all other provisions of this Agreement will remain in full force and effect, unless such enforcement would result in an injustice or be inconsistent with the purposes of this Agreement.

11. WAIVER. No waiver of any term of this Agreement will be valid unless in writing signed by the party against which the waiver is sought to be enforced. No waiver by either party of any breach of or failure of performance under this Agreement will be deemed a continuing waiver or a waiver as to any subsequent or similar breach.

12. NO ASSIGNMENT. Neither this Agreement nor any right, license or privilege granted to Suspiros Franchising herein is assignable, by operation of law or otherwise, without the other party's prior written consent to such assignment. Notwithstanding the foregoing, Suspiros Cakes may assign this Agreement to an affiliate or in the event of a merger, acquisition or sale of substantially all the assets upon written notice to Suspiros Franchising.

13. NOTICE. Any notice to be given under this agreement must be given to the parties as follows:

If to Suspiros Cakes:	If to Suspiros Franchising:
5327 South 12th Avenue Tucson, Arizona 85706	5327 South 12th Avenue Tucson, Arizona 85706

14. GOVERNING LAW. This Agreement is made in the State of Arizona and is governed and construed by the internal laws of the State of Arizona without regard to any conflicts of law's provisions. Venue for any dispute is properly in the appropriate state and federal courts with jurisdiction over Maricopa County, Arizona, which the parties agree is the exclusive venue for any disputes between the parties and have personal jurisdiction over both parties. The parties waive any claim of forum inconveniens or other object as to forum.

15. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties with regard to its subject matter and supersedes all prior agreements between them pertaining to its subject matter. This Agreement may be altered or amended only in a duly executed writing.

IN WITNESS WHEREOF, the undersigned parties have duly executed this Agreement on the date below.

Suspiros Cakes, LLC, an Arizona limited liability company ("Suspiros Cakes")	Suspiros Franchising, LLC, an Arizona limited liability company ("Suspiros Franchising")
By: ______________________	By: ______________________
Name: Arturo Esparta Fonseca.	Name: Arturo Esparta Fonseca.
Its: Managing Member	Its: Managing Member
Dated: November 15, 2019	Dated: November 15, 2019

8

EXHIBIT A

Federal Trademarks

MARK	REGISTRATION/SERIAL NUMBER	REGISTRATION/FILING DATE
SUSPIROS (Word)	Reg # 4,099,289	Registration Date: February 14, 2012
SUSPIROS PASTELERIAS (Design)	Reg # 4,115,180	Registration Date: March 20, 2012
SUSPIROS CAKES (Design)	Serial # 87/302,085	Filing Date: January 13, 2017
SUSPIROS CAKES (Design)	Serial # 87/302,090	Filing Date: January 13, 2017
SUSPIROS CAKES (Design)	Serial # 88/693,130	Filing Date: November 14, 2019
SUSPIROS CAKES (Design)	Serial # 88/693,166	Filing Date: November 14, 2019

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

<u>LEASE ADDENDUM</u>

[See Attached]

Lease Addendum

THIS AGREEMENT dated this_____day of_______________, 20___among Suspiros Franchising, LLC, an Arizona Limited Liability Company, , with principal offices at [ADDRESS] (the "Franchisor"), ____, a(n)____________________________, with principal offices located at ____(the "Landlord"), and ____, a(n)__________________________, with principal offices located at ____(the "Tenant/Franchisee").

Introduction

A. On___________________, the Tenant/Franchisee and the Franchisor entered a Suspiros, Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a Suspiros franchised business (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another Suspiros franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Suspiros franchisee or

to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Suspiros Franchising, LLC, an Arizona Limited Liability Company,

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

LANDLORD:

__________________________, (a)n __________
____

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

TENANT/FRANCHISEE:

__________________________, (a)n __________
____

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

____

____

____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of Suspiros Franchising, LLC, an Arizona Limited Liability Company, , and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that sells bakery products, especially cakes and cookies;

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Suspiros franchisees to use, sell or display in connection with the marketing and/or operation of a Suspiros franchise bakery, whether now in existence or created in the future.

"Franchise Agreement" means the Suspiros franchise Agreement executed by Franchisee with an effective date of____________________.

"Franchised Business" means the Suspiros franchise bakery operated by Franchisee pursuant to the Franchise Agreement.

"Franchisee" means______________________.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Suspiros franchise bakery, (ii) the method of operation of a Suspiros franchise bakery or (iii) any marketing or promotional ideas relating to a Suspiros franchise bakery, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all knowledge and information gained about Suspiros system as a result of being a franchisee

"Manual" means our confidential brand standards manual for the operation of a Suspiros franchise bakery.

"Marks" means Suspiros Marks licensed to you in the Franchise Agreement.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any [Customer] of ours (or of one of our affiliates or franchisees) to transfer their business to Owner or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your

spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

"Restricted Territory" means the geographic territory that you are precluded from competition.

"System" means the Suspiros system.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know- how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know- how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Suspiros franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 21 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of the state of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By:________________________________

Name:______________________________

Date: ______________________________

OWNER / SPOUSE

By:________________________________

Name:______________________________

Date: ______________________________

OWNER / SPOUSE

By:________________________________

Name:______________________________

Date: ______________________________

OWNER / SPOUSE

By:________________________________

Name:______________________________

Date: ______________________________

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name ______________________ Business No. ______________________

Franchisee Mailing Address (street) ______________________ Franchisee Phone No. ______________________

Franchisee Mailing Address (city, state, zip) ______________________

Contact Name, Address and Phone number (if different from above) ______________________

Franchisee Fax No. ______________________ Franchisee E-mail Address ______________________

Bank Account Information:

Bank Name ______________________

Bank Mailing Address (street, city, state, zip) ______________________

______________________ ☐ Checking ☐ Savings ______________________

Bank Account No. (check one) Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip) ______________________ Bank Phone No. ______________________

Authorization:

Franchisee hereby authorizes Suspiros Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:______________________ Date:______________________

Name:______________________

Its:______________________

Federal Tax ID Number:______________________

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Suspiros Franchising, LLC an Arizona Limited Liability Company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means a bakery establishment featuring cakes and cookies and other bake goods and bakery items

"Copyrights" means all materials obtained from Suspiros that Suspiros claims to protect by copyright.

"Franchisee" means the Suspiros franchisee for whom you are an owner, partner, member, officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Suspiros franchise bakery, (ii) the method of operation of a Suspiros franchise bakery or (iii) any marketing or promotional ideals relating to a Suspiros franchise bakery, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means the knowledge and information gained by you as a result of being a Suspiros franchisee

"Manual" means our confidential brand standards manual for the operation of a Suspiros franchise bakery.

"Marks" means the Suspiros Marks licensed to you in the Franchise Agreement.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any [Customer] of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after you cease to be an owner, partner, member, officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be an owner, partner, member, officer, director, employee or independent contractor of Franchisee.

"Restricted Territory" means the geographic territory that you are precluded from competition.

"System" means the Suspiros system and the know how licensed to you and acquired by you.

2. Background. You are an owner, partner, member, officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Suspiros franchise bakery operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner, partner, member, officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner, partner, member, officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Suspiros franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so. This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(c) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

[Signature Page Follows]

This Brand Protection Agreement is executed as of the date or dates set forth below.

RESTRICTED PARTY

By:________________________________

Name:______________________________

Date: ______________________________

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By:________________________________

Name:______________________________

Date: ______________________________

RESTRICTED PARTY

By:________________________________

Name:______________________________

Date: ______________________________

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By:________________________________

Name:______________________________

Date: ______________________________

ATTACHMENT A

Restricted Territory

ATTACHMENT "H"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Suspiros Franchising, LLC, an Arizona Limited Liability Company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all materials obtained from Suspiros that Suspiros claims to protect by copyright.

"Franchisee" means the Suspiros franchisee for whom you are an owner, partner, member, officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Suspiros franchise bakery, (ii) the method of operation of a Suspiros franchise bakery or (iii) any marketing or promotional ideals relating to a Suspiros franchise bakery, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all knowledge and information gained about Suspiros system as a result of being a franchisee.

"Manual" means our confidential brand standards manual for the operation of a Suspiros franchise bakery.

"Marks" means the Suspiros Marks licensed to you in the Franchise Agreement.

"System" means the Suspiros system and the know how licensed to you and acquired by you.

2. **Background.** You are an owner, partner, member, officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Know-How and Intellectual Property**. You agree: (i) you will not use the Know-how in any business or capacity other than the Suspiros franchise bakery operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner, partner, member, officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. **Immediate Family Members**. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. **Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD,**

UNREASONABLE OR OTHERWISE UNENFORCEABLE.

6. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Suspiros franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

RESTRICTED PARTY

By:______________________________

Name:______________________________

Date: ______________________________

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By:______________________________

Name:______________________________

Date: ______________________________

ATTACHMENT "I"

TO FRANCHISE AGREEMENT

California Addendum to the Franchise Agreement

between

Suspiros Franchising, LLC

and

____

This Addendum modifies and amends the Suspiros Franchise Agreement dated as of ______________, between SUSPIROS FRANCHISING, LLC and __________________________________ (the "Franchise Agreement").

1. The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Section 16.3-16.4 of the franchise agreement that is disclosed in Item 17, rows q and r.

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

In all other respects, the Franchise Agreement is unchanged.

SUSPIROS FRANCHISING, LLC	[Franchisee]
By: ______________________________	By: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

ITEM 5. Guide to Evaluation

ITEM 6. Operation Manual "Unit C"

EXHIBIT "E"
TO DISCLOSURE DOCUMENT
LIST OF FRANCHISEES

A. Current Franchisees as of December 31, 2022:

State	City	Address	Phone	Owner Name(s)
Arizona	Phoenix	8225 West Indian School Road, Unit 104	623-873-5252	Josue Boris Cota Mendez
Arizona	Phoenix	25 E. Southern Ave.	602-283-4546	Boris Cota
Arizona	Glendale	9250 N. 43rd Ave., Suite 21	623-248-3580	Boris Cota
Arizona	Mesa	535 E. Southern	480-590-10-67	Gabriela Ramirez
Arizona	Phoenix	2837 N. 24th Street	602-612-3175	Gabriel Ramirez
Arizona	Yuma	2241 S Avenue A Suite 29	928-366-15-61	Patricia Gerardo
Arizona	Avondale	1721 N. Dysart Rd., Suite 105	623-248-4173	Ericka P. Gerardo
California	Chulavista	985 Broadway St., Suite H	619-776-8272	Karla Gallegos
Texas	Brownsville	5005 Paredes Line Rd., Ste E	956-676-2253	Celia Chavez
Texas	El Paso	1441 N Zaragoza Rd	915-710-6112	Vincent León
Texas	Laredo	4301 Mcpherson Ave., Suite 105	956-523-1804	Vincent León
Texas	Weslaco	502 E. Expressway 83, Ste C	956-593-2253	Celia Chavez

B. Former Franchisees as of December 31, 2022: NONE IN THE UNITED STATES

State	City	Address	Phone	Owner Name(s)

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

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

Suspiros Franchising, LLC

Years Ended December 31, 2023, 2022 and 2021

BeachFleischman.
collaborate forward

Suspiros Franchising, LLC

Years Ended December 31, 2023, 2022 and 2021

CONTENTS

BeachFleischman.
collaborate forward

BeachFleischman

Independent Auditors' Report

Board of Directors and Management
Suspiros Franchising, LLC
Tucson, Arizona

Opinion

We have audited the accompanying financial statements of Suspiros Franchising, LLC, which comprise the balance sheets as of December 31, 2023, 2022 and 2021 and the related statements of operations and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suspiros Franchising, LLC as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

BeachFleischman PLLC • beachfleischman.com
1985 E. River Rd., Suite 201, Tucson, AZ 85718-7176 • 520.321.4600
2201 E. Camelback Rd., Suite 200, Phoenix, AZ 85016-3431 • 602.265.7011
825 N. Grand Ave., Suite 204, Nogales, AZ 85621-2386 • 520.287.4174

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Suspiros Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Suspiros Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

BeachFleischman PLLC

Tucson, Arizona
February 22, 2024

Suspiros Franchising, LLC

Balance Sheets

December 31, 2023, and 2022 and 2021

Assets

	2023	2022	2021
Current assets:			
Cash and cash equivalents	$ 498	$ 10,385	$ 10,835
Accounts receivable	24,889	15,557	6,497
Contract cost assets	141,130	76,810	70,004
Prepaid expenses	10,800	-	-
Refundable income taxes	-	1,300	-
Total current assets	177,317	104,052	87,336
Property and equipment, net	5,232	-	-
Due from related parties	191,847	51,069	39,210
Deferred income taxes	13,000	3,000	11,000
	$ 387,396	$ 158,121	$ 137,546

Liabilities and Member's Equity

	2023	2022	2021
Current liabilities:			
Accounts payable	$ 200	$ -	$ 43
Accrued expenses	89	2,117	125
Due to related parties	43,542	4,940	1,267
Income taxes payable	20,800	6,000	12,400
Contract liabilities	208,634	89,729	112,207
Total current liabilities	273,265	102,786	126,042
Contingencies			
Member's equity	114,131	55,335	11,504
	$ 387,396	$ 158,121	$ 137,546

See notes to financial statements.

Suspiros Franchising, LLC

Statements of Operations and Member's Equity

Years Ended December 31, 2023, and 2022 and 2021

	2023	2022	2021
Revenues:			
Advertising fees	$ 356	$ 2,294	$ -
Brand and system development fees	35,812	17,238	6,901
Franchise fees	33,955	46,278	17,814
Royalties	166,581	86,183	33,966
Technology fees	13,614	6,784	1,363
	250,318	158,777	60,044
General and administrative expenses:			
Advertising	4,697	2,400	-
Bank charges	3,940	2,630	2,110
Commissions	-	4,521	10,400
Depreciation	1,042	-	-
Licenses fees	119,397	61,818	26,022
Miscellaneous	3,539	-	-
Office	2,787	312	262
Professional fees	20,261	13,339	12,143
Software	7,835	4,124	1,337
Travel	9,600	10,172	-
	173,098	99,316	52,274
Income before income taxes	77,220	59,461	7,770
Income tax expense (benefit):			
Current	28,424	7,630	12,400
Deferred	(10,000)	8,000	(11,000)
	18,424	15,630	1,400
Net income	58,796	43,831	6,370
Member's equity, beginning	55,335	11,504	5,134
Member's equity, ending	$ 114,131	$ 55,335	$ 11,504

See notes to financial statements.

Suspiros Franchising, LLC

Statements of Cash Flows

Years Ended December 31, 2023, and 2022 and 2021

	2023	2022	2021
Cash flows from operating activities:			
Net income	$ 58,796	$ 43,831	$ 6,370
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	1,042	-	-
Deferred income taxes	(10,000)	8,000	(11,000)
Changes in operating assets and liabilities:			
Accounts receivable	(9,332)	(9,060)	(1,758)
Contract cost assets	(64,320)	(6,806)	(70,004)
Prepaid expenses	(10,800)	-	-
Refundable income taxes	1,300	(1,300)	-
Accounts payable	200	(43)	(1,391)
Accrued expenses	(2,028)	1,992	125
Due to related parties	38,602	3,673	1,267
Income taxes payable	14,800	(6,400)	10,700
Contract liabilities	118,905	(22,478)	97,386
Total adjustments	78,369	(32,422)	25,325
Net cash provided by operating activities	137,165	11,409	31,695
Cash flows from investing activities:			
Purchases of property and equipment	(6,274)	-	-
Advances to related parties	(140,778)	(11,859)	(23,210)
Net cash used in investing activities	(147,052)	(11,859)	(23,210)
Net increase (decrease) in cash and cash equivalents	(9,887)	(450)	8,485
Cash and cash equivalents, beginning	10,385	10,835	2,350
Cash and cash equivalents, ending	$ 498	$ 10,385	$ 10,835

See notes to financial statements.

Suspiros Franchising, LLC

Notes to Financial Statements

Years Ended December 31, 2023, and 2022 and 2021

1. Description of business and summary of significant accounting policies:

Description of business:

Suspiros Franchising, LLC (the Company) is an Arizona single member limited liability company formed in October 2019. As a limited liability company, the member's liability is limited. The Company is engaged in the business of selling and servicing franchises and licensing other trademarks, trade names, service marks and logos for the operation of a business that is a retail bakery selling popular cakes with exceptional decor under the name Suspiros Cakes. The Company devoted substantially all of its efforts during the 2019 development stage to organizing and preparing to conduct business. The first franchise location opened in December 2020. The Company's viability is dependent upon the strength of the hospitality industry and the Company's ability to collect on its contracts.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions, including those related to inputs used to recognize revenue over time and at a point in time. Actual results could differ materially from such estimates and assumptions.

Adoption of new accounting standard:

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments* (Topic 326), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in Topic 326 are trade accounts receivable and financing receivables.

The Company adopted Topic 326 on January 1, 2023 retroactively to January 1, 2021. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Revenue recognition:

The Company recognizes revenue for franchise royalties and brand and system development fees based on a percentage equal to 5% and 1% of franchisees' gross sales per month, as defined in the franchise agreements, in the period the related franchise-operated store sales occur.

Suspiros Franchising, LLC

Notes to Financial Statements (continued)

Years Ended December 31, 2023, and 2022 and 2021

1. Description of business and summary of significant accounting policies (continued):

Revenue recognition (continued):

Franchise fees are collected in advance and deferred until the performance obligations are satisfied. The Company recognizes revenue for initial training at a point in time following completion of the initial training program. Remaining revenue for the franchise is recognized over time on a straight-line basis over the franchise term for access to intellectual property during the contractual term. Franchise agreements typically have a term of seven years.

Transaction price:

The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring services to the customer. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct service in the contract. In cases where the Company does not provide the distinct service on a standalone basis, the primary method used to estimate standalone selling price is the expected cost plus a margin approach, which forecasts the expected costs of satisfying a performance obligation plus an appropriate margin for that distinct good or service.

Performance obligations:

Contracts are considered to contain a single performance obligation if the promise to transfer individual services is not separately identifiable from other promises in the contracts primarily because the Company provides a significant service of integrating a complex set of tasks and components into a single project or capability. Contracts that cover multiple performance phases of the service lifecycle (development, training, and support) are typically considered to have multiple performance obligations even when they are part of a single contract.

Cash and cash equivalents:

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company places its cash and cash equivalents with one credit institution. At times, such investments may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

1. Description of business and summary of significant accounting policies (continued):

Accounts receivable:

The Company records accounts receivable for its unconditional rights to consideration arising from performance under contracts with customers. The Company grants credit to its customers, generally without collateral or interest. The carrying value of such receivables, net of allowance for credit losses, represents their estimated net realizable value. At January 1, 2021, the balance of accounts receivable, net was $4,739.

Financing receivables:

The Company grants unsecured credit to its related parties through noninterest bearing loans that are due on demand. Principal collections on these loans during the next twelve months are not likely and as such management has classified the loans receivable as long-term.

Allowance for credit losses:

At each balance sheet date, the Company recognizes an expected allowance for credit losses, and at each reporting date, this estimate is updated to reflect any changes in credit risk since the financial asset was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The Company uses the aging method to estimate its allowance for credit losses. The allowance estimate is derived from a review of the Company's historical losses based on the aging of financial assets. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's customer base has remained consistent since the Company's inception. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. Based on management's assessment, there is no material allowance for credit losses for the years ending December 31, 2023, 2022 and 2021.

The Company writes off financial assets when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the years ended December 31, 2023, 2022 and 2021.

Contract cost assets:

Contract cost assets consist of the initial license fees for the use of the Suspiros Cake trademark incurred at the signing of the individual franchising agreements. The fee is amortized over the contractual term of the individual franchising agreements. At January 1, 2021, the balance of contract cost assets was $0.

Contract liabilities:

Contract liabilities consist of initial franchise fees for access to intellectual property over the contractual term. At January 1, 2021, the balance of contract liabilities was $14,821.

Suspiros Franchising, LLC

Notes to Financial Statements (continued)

Years Ended December 31, 2023, and 2022 and 2021

1. Description of business and summary of significant accounting policies (continued):

Income taxes:

The Company is a single-member limited liability company that has elected to be treated as a C-corporation for income tax purposes.

Deferred income taxes are provided for temporary differences that arise primarily from using accelerated depreciation methods for income tax purposes and the use of straight-line depreciation for financial reporting purposes. In addition, differences that arise from prepaid expenses, which are deductible when paid for income tax purposes and deferred revenue recognized over the terms of the franchise agreements under GAAP, but subject to the one year allowable deferral period for income tax purposes.

From time to time, the Company may be subject to penalties assessed by various taxing authorities, which will be classified as general and administrative expenses, if they occur.

Subsequent events:

The Company has evaluated the events that have occurred subsequent to December 31, 2023 through February 22, 2024, the date that the financial statements were available to be issued. Management has no responsibility to update these financial statements for events and circumstances occurring after this date.

2. Property and equipment:

	2023	2022	2021
Equipment	$ 6,274	$ -	$ -
Less accumulated depreciation	1,042	-	-
	$ 5,232	$ -	$ -

3. Franchise agreements:

The franchise agreements require the franchisee pay the Company an initial franchise fee for each Suspiros Cake store upon the execution of the agreement. Additionally, franchisees must pay the Company a continuing royalty fee and brand and system development fee. In exchange, the Company will provide initial training and continuing operational assistance and consultation services in connection with protecting the trademarks of the Company. Failure by the Company to provide any particular service, either initial or continuing, shall not excuse franchisee from any of its obligations under the franchise agreement.

Suspiros Franchising, LLC

Notes to Financial Statements (continued)
Years Ended December 31, 2023, and 2022 and 2021

3. Franchise agreements (continued):

Franchise activity during 2023, 2022 and 2021 was as follows:

	2023	2022	2021
Franchises operating at beginning of year	6	4	1
Franchises opened during the year	5	2	3
Franchises closed during the year	-	-	-
Franchises operating at end of year	11	6	4
Franchises in development stage	3	1	2

4. Income taxes:

The components of the net deferred income tax assets and liabilities recognized in the accompanying balance sheet are as follows:

	2023	2022	2021
Deferred income tax assets	$ 52,000	$ 22,000	$ 28,000
Deferred income tax liabilities	(39,000)	(19,000)	(17,000)
	$ 13,000	$ 3,000	$ 11,000

5. Related party transactions:

The Company advances funds to related parties without interest during the normal course of operations. At December 31, 2023, 2022 and 2021, the Company had the following due from related parties through common ownership.

	2023	2022	2021
Suspiros Cakes, LLC	$ 125,010	$ 51,069	$ 39,210
Suspiros Pastelerias S.A. de C.V.	66,500	-	-
Global Reposteria S. de R.L. de C.V.	337	-	-
	$ 191,847	$ 51,069	$ 39,210

5. Related party transactions (continued):

Suspiros Cakes, LLC charged the Company a licensing fee of $119,397, $61,818 and $26,022 in 2023, 2022 and 2021 for the use of the Suspiros trade name. At December 31, 2023, 2022 and 2021, $32,839 and $0 and $0 was due related to these fees.

Global Reposteria S. de R.L. de C.V., member, charged the Company a logistics fee of $4,541, $3,089 and $2,263 in 2023, 2022 and 2021. At December 31, 2023, 2022 and 2021, $242 and $0 and $0 was due related to these fees.

Suspiros Pastelerias S.A. de C.V., a related party through common ownership, paid travel expenses on behalf of the Company. At December 31, 2023, 2022 and 2021, amounts due to Suspiros Pasterelia totaled $10,461, $4,940 and $0.

6. Concentrations:

Four franchisees accounted for 90%, 87% and 100% of revenue for the years ended December 31, 2023, 2022 and 2021. Three, three and four franchisee accounts make up 83%, 83% and 100% of accounts receivable as of December 31, 2023, 2022 and 2021.

7. Contingencies:

From time to time, the Company may be involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation will not materially affect the Company's financial statements.

8. Statement of cash flows:

Supplemental disclosure of cash flow information:
Cash paid for income taxes during 2023, 2022 and 2021 was $12,678, $15,359 and $1,700.

Noncash operating, investing and financing information:
During 2021, the franchise fees revenue of $20,000 was collected by a related party.

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Suspiros Franchising, LLC ("we" or "us'), and you are preparing to enter into a Franchise Agreement for the operation of a *Suspiros* franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented In this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes__ No__ l. Have you received the Franchise Agreement and each Exhibit or schedule attached to it?

Yes__ No__ 2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes__ No__ 3. Have you discussed the benefits and risks of developing and operating a *Suspiros* franchise with an existing *Suspiros* franchisee?

Yes__ No__ 4. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated in Arizona, if not resolved informally or by mediation?

Yes__ No__ 5. Do you understand that you (and any Manager employed by you) must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?

Yes__ No__ 6. Do you understand that the Franchise Agreement and exhibits to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the *Suspiros* facility, meaning any prior oral or written statements not set out in the Franchise Agreement or the exhibits to the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

ANY REPRESENTATIONS ABOVE WHICH REQUIRE YOU TO ASSENT TO ANY RELEASE, ESTOPPEL OR WAIVER OF LIABILITY AS A CONDITION OF PURCHASING A FRANCHISE ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Dated ______________________	Dated ______________________
Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Dated ______________________	Dated ______________________

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

Yes___ No___ 15. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Suspiros franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes___ No___ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Suspiros franchise business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated ________________________	Dated ________________________
______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated ________________________	Dated ________________________

<u>EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:</u>

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of____________, 20 by __________________________, a(n)____________________("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Suspiros Franchising, LLC, an Arizona Limited Liability Company, ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Suspiros franchise bakery;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, **[enter into a successor franchise agreement]** and Franchisor has consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **[Franchisee's ability to enter into a successor franchise agreement]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **[Franchisor entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. [___________] represents and warrants that he/she is duly and warrants that he/she is duly and authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Arizona.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require consummating, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

_______________________________________, a
____

By:_____________________________________
Name: __________________________________
Its: _____________________________________

FRANCHISEE'S OWNERS

Date _______________________________ _____________________________________
Signature

____
Typed or Printed Name

STATE OF________________________)
) ss.
County of________________________)

The foregoing instrument was acknowledged before me this_____day of_____________, by _____________________________________.

____
Notary Public

My commission expires:
____

Date ______________________________ ____________________________________
Signature

____
Typed or Printed Name

STATE OF______________________)
) ss.
County of______________________)

The foregoing instrument was acknowledged before me this_____day of_____________, by ____________________________________.

____
Notary Public

My commission expires:
____

Date ______________________________ ____________________________________
Signature

____
Typed or Printed Name

STATE OF______________________)
) ss.
County of______________________)

The foregoing instrument was acknowledged before me this_____day of_____________, by ____________________________________.

____
Notary Public

My commission expires:
____

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

CALIFORNIA STATE SPECIFIC DISCLOSURE

[See Attached

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

2. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

3. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.

4. Neither the franchisor nor any person in Item 2 of the FDD 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. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

5. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

6. 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.

7. The franchise agreement requires mediation, arbitration or litigation. The mediation, arbitration or litigation will occur at Pima County, Arizona with the costs being borne initially by the filing party.

8. 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.

9. The franchise agreement requires application of the laws of the State of Arizona. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations 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).

12. If you are married, we require that your spouse sign a guaranty of the franchisee's obligations under the franchise agreement. By signing the guaranty, your spouse is liable for the obligations of the franchisee during the course of your marriage. If you divorce your spouse, we hereby waive our right to make any claims against the property of your spouse as long as your spouse does not actively participate in the franchised business.

13. In California the highest interest rate permitted by law is 10%.

14. The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Section 16.3-16.4 of the franchise agreement that is disclosed in Item 17, rows q and r.

15. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise

law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

16. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

17. OUR WEBSITE 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 http://www.dfpi.ca.gov.

SUSPIROS FRANCHISING, LLC, **an Arizona limited liability company**	**FRANCHISEE**
By:______________________________ Name:____________________________ Title:_____________________________	______________________________________ [Signature]
	______________________________________ [Print Name]

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 "J"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

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

If Suspiros Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Suspiros 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 the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise sellers involved with the sale of this franchise are:

_____ Arturo Esparza Fonseca, 1686 West Valencia Road, Tucson, AZ 85746, (520) 889-0491

_____ Jose Armando Esparza Fonseca, 1686 West Valencia Road, Tucson, AZ 85746, (520) 889-0491

_____ Mariana Berkowitz Soto, Blvd. Navarrete 86 Col. Valle Escondido 83207, +526621906183

_____ ____

Issuance Date: February 22, 2024

Suspiros Franchising, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "E"	List of Franchisees
EXHIBIT "F"	Financial Statements of Suspiros Franchising, LLC
EXHIBIT "G"	Franchisee Disclosure Questionnaire
EXHIBIT "H"	General Release
EXHIBIT "I"	State Specific Disclosure
EXHIBIT "J"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Suspiros Franchising, LLC.)

RECEIPT

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