FRANCHISE DISCLOSURE DOCUMENT

Sweet Project LLC
A California Limited Liability Company
535 Octavia Street
San Francisco, CA 94102
415-990-5527

Sweet Project LLC offers a franchise for the dessert café business under the name Naya Dessert Café. The total investment necessary to begin operation of a Sweet Project LLC franchise is between $146,340.00-$425,140.00. This includes an initial franchise fee of $35,000.00 (for dessert café), $40,000 (for dessert and snack café), and $45,000 (food, dessert and snack café) that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another form that is more convenient to you. To discuss the availability of disclosures in different forms, contact Sweet Project LLC managing member Phornthip Korkiatnun, 535 Octavia Street, San Francisco, CA 94102 and (415) 926-8638.

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

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

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

ISSUING DATE: December 31, 2023

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.
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 and attached Exhibit B 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 Naya Dessert Café business in my area.	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Naya Dessert Café franchise?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive that 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 State Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitration in California than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (at Exhibit D) to see whether your state requires other risks to be highlighted.

Table of Contents

Exhibits

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

To simplify the language, this disclosure document uses "Franchisor", "we", or "us" to mean Sweet Project LLC., the franchisor. "You" means the individual, corporation, or other entity that buys a Sweet Project LLC franchise. If a corporation, partnership, or other entity buys the franchise, "you" refers collectively to all persons who own an interest in the entity. "Naya Dessert Café" or "Café" means the Store we license you to operate.

Franchisor, Parent, and Affiliates

We conduct business under the name Sweet Project LLC. Our principal business address is 535 Octavia Street, San Francisco, CA 94102. We are a California Limited Liability Company that was organized on February 18, 2020. We do not conduct business under any other name. We do not operate other Naya Dessert Cafés.

Our affiliate is Naya Café LLC. Its principal business address is 5338 Geary Boulevard, San Francisco, CA 94121. Naya Café LLC owns one business of the type being franchised and was registered with the California Secretary of State on February 14, 2019. Naya Café LLC uses the Naya Dessert Café trademark and has licensed the trademark to us. Naya Café LLC has never offered franchises in this or any other lines of business and is not an approved supplier of any product or service that you must purchase.

Agent for Service of Process

Our agent for service of process is LEGALZOOM.COM, INC. (C2967349). Its principal business address is 101 N. Brand Blvd., 11th Fl., Glendale, California 91203.

Prior Experience

Sweet Project LLC has no other franchises in place. Its articles of organization were filed with the Secretary of State on February 18, 2020. However, its managing member has extensive experience in the café and restaurant business.

The Business We Offer

Your dessert café franchise will prepare and sell desserts, café food, and drink to the general public, under the name "Naya Dessert Café". We expect that our franchisees will operate their dessert café franchise out of a space designated for the café business. The market for dessert stores and cafés is extremely well established. You will be in competition with a variety of quick-service dessert stores, full-service cafés, and other dining establishments that offer café-type food, desserts (such as shaved ice and toasts), and café-type drinks. The dessert café business is highly competitive with respect to concept, price, location, quality, and service. The business is often affected by economic and real estate conditions, political conditions, consumer tastes, trends, weather, population changes, the cost and availability of products and qualified labor and traffic patterns. Dessert cafés compete in each market with national and regional dessert store chains and locally owned stores, some of which operate more shops and have longer operating histories than our Cafés. There is also active competition for suitable commercial real estate sites and personnel, including management personnel. You are advised to investigate and research the retail dessert store and café service market as well as the laws, regulations, and ordinances applicable to your franchised business further.

Applicable Regulations

You must comply with laws and regulations that apply to businesses generally, and also specifically to Cafés and businesses serving food and beverages. Generally, applicable laws and regulations include tax rules, labor and employment laws, business license requirements, laws on construction of business premises, zoning rules, requirements for parking and access, the Americans with Disabilities Act, export control laws pertaining to technology, and laws on storage, preparation, packaging, labeling and sale of food to the public.

Federal and state laws affecting businesses generally include smoking restrictions, public posting of notices re: health hazards (e.g., tobacco smoke or other carcinogens), fire safety and emergency preparedness laws, rules on use, storage and disposal of waste, insecticides, and other hazardous materials, environmental laws that may impact the operation of Cafés (e.g. laws on recycling and regulating the use of certain types of containers and materials potentially harmful to the environment), and standards regarding sanitation, employee health and safety. Some areas have or are considering proposals to regulate indoor air quality. Many places have laws against smoking inside Cafés. Additionally, California local county health departments inspect Cafés and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

You should independently research and review with your own attorney all general laws in evaluating the franchise before you sign any binding document or make any investments.

ITEM 2: BUSINESS EXPERIENCE

Managing Member and Founder:

Phornthip Korkiatnun, has 15 years of experience in the dessert café business which also includes 4 years of restaurant experience. Phornthip Korkiatnun was a Manager at Osha Tahi Restaurant (4 Embarcadero Ctr. San Francisco, CA 94111) until July 1 in 2015. Phornthip Korkiatnun is currently the owner and has been an owner of Ginza Japanese Restaurant (1793 Haight Street, San Francisco, CA 94117) from 2015 to present. Phornthip Korkiatnun is currently the owner and has been an owner of Naya Dessert Café (5338 Geary Blvd., San Francisco, CA 94121) from 2017 to present. Phornthip Korkiatnun is currently the owner and has been an owner of Naya Dessert Café (535 Octavia St., San Francisco, CA 94102) from 2019 to present.

Managing Member and Founder:

Ittiruj Niamchan was the Sous Chef at Jasper Tap & Conner 1 Nov in 2015. Ittirui Niamchan is currently a co-owner and has been an owner of Ginza Japanese Restaurant (1793 Haight Street, San Francisco, CA 94117) from 2017 to present. Ittirui Niamchan is currently a co-owner and has been an owner of Naya Dessert Café (5338 Geary Blvd., San Francisco, CA 94121) from 2017 to present. Ittirui Niamchan is currently a co-owner and has been an owner of Naya Dessert Café (535 Octavia Street, San Francisco, CA 94102) since 2019 to present.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES

All Sweet Project LLC franchisees pay the initial fees of $35,000.00 for a dessert only café, $40,000 for a dessert and snack café, and $45,000.00 for a dessert, snack, and food café. Three percent (3%) of the initial franchise fee is due to the Franchisor immediately upon the execution of this Agreement with the remaining franchise fee due 15 days after the execution of the lease or purchase of the café premises. No refunds are available of the initial fees under any circumstances.

We use the initial fees to cover the costs of evaluating your proposed site, training you and your employees, administrative overhead, enforcement and protection of our Marks and franchise system, and helping you to develop and open your Naya Dessert Café.

We will not refund any part of the initial fees paid under the Franchise Agreement.

ITEM 6: OTHER FEES

OTHER FEES

Type of fee	Amount	Due Date	Remarks
Royalty Fee	3% of Gross Sales	Payable on or before the 7th day of each month based on Gross Sales during the	Note 3.

		prior calendar month.	
Marketing Fee	1% of Gross Sales	Same as Royalty Fee	This fee is due and payable at the same time and in the same manner as Royalty Fee. We may change at any time at our discretion the amount of the Marketing Fee on 30 days written notice. Note 3.
Training of Additional Personnel (More than 4) and Each Replacement Manager	Currently $50 per hour per instructor, plus travel and lodging expenses; amount is based on current rate and subject to change.	Before start of training.	You must pay training fees for any additional training requested by your or training for Replacement Managers. This fee may be changed periodically, at our discretion. Note 4.
Renewal Fee	$35,000.00 (dessert café), $40,000.00 (dessert and snack café), or $45,000.00 (dessert, snack, and food café)	Within 30 days of the date when you give notice of your exercise or renewal option, which must be at least 12 months before expiration of the current term.	This fee is paid only if you renew the Franchise Agreement.
Audit	Cost of inspection or audit	On receipt of invoice	You reimburse us for the full cost of the audit if the audit discloses understating Store

			Gross Sales by 2% or more or if records are unavailable.
Late Payment	Late charge equal to 5% of payment due, together with interest at 2% per month (not to exceed highest legal rate)	On receipt of invoice	Interest is payable on the entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.
Dishonored Item Fee	$75 plus reimbursement of charge a financial or other institution imposes on us, for each dishonored or unsuccessful check, ACH debit, electronic funds transfer, credit or wire transfer, or other form of payment that in any way is not honored or completed.	On notice following a dishonor or other incompletion of a payment instrument or debit or other payment procedure.	You reimburse the amount we are charged by our financial institution, and you pay us $75.00 to compensate our time and administrative attention to the dishonored item.
Re-inspection Fee	$500.00 per re-inspection, plus out of pocket expenses.	As incurred.	Note 5.
Fees on Default and Indemnification	Will vary under circumstances but, including but not limited to, attorney's fees, costs, interests, and audit costs.	On demand as incurred.	Paid in addition to other payments to us.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Awarded to prevailing party if you and Sweet

			Project LLC are involved in any legal claim.

- Note 1: All fees are imposed by and are paid to Sweet Project LLC. All fees are non-refundable. At this time, we impose fees uniformly, unless otherwise indicated. However, we retain discretion to reduce fees in individual cases in our discretion.
- Note 2: Interest begins from the date of the underpayment.
- Note 3: "Gross Sales" means all sales you make from the operation of your Naya Dessert Café, including but not limited to, sales from delivery services and the retail value of all food and other merchandise of any kind sold through coupon redemption or otherwise given away for which reduced or no cash is received except sales taxes. For calculation of the Royalty Fee and Marketing Fee, "Gross Sales" does not include the Sale Tax.
- Note 4: Training will be conducted at our San Francisco Headquarters or at an alternate location in the United States that we specify from time to time.
- Note 5: If any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection, you shall pay us, upon demand, the sum of $500.00 for each re-inspection of the Café and shall, in addition, reimburse us for out of pocket expenses for re-inspection, including for transportation costs, food, lodging, and similar costs.

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	$35,000.00-$45,000.00 Note 1.	Lump sum	Note 1 and 2.	Franchisor
Real Estate Security/Deposits and Initial Rent	$5,000.00-$9,000.00 Note 3.	As arranged.	When incurred.	Landlord/Mortgagee
Real estate design and improvements	$10,000.00 - $250,000.00 Note 3.	As arranged	When incurred.	Suppliers/Approved architect
Equipment and Fixtures	$23,140.00 generally for equipment. $50,000.00 for fixtures.	As arranged.	When incurred.	Franchisor and Suppliers

Signs	$200.00-$3000.00	As arranged.	When incurred.	Franchisor or Vendor
Miscellaneous Opening costs	$3,000-$10,000	As incurred	As incurred.	Suppliers, utilities, etc.
Opening inventory	$5,000.00 Note 4.	As arranged	When incurred.	Franchisor and Suppliers
Insurance	$2,000.00 - $4,000.00 Note 5.	As arranged	When incurred.	Insurance Provider
Cash Registers/Other Office Equipment	$2,000.00 - $3,000.00 Note 6.	As arranged	When incurred.	
Initial Advertising fee- 3 months	$1,000.00/Month	As incurred (% of gross sales)	Monthly	Sweet Project LLC
Business Licenses, Utility Deposits, Prepaid Fees	$1,000.00 - $5,000.00 Note 7.	As arranged.	When incurred.	Government and agencies
Additional funds – 3 months	$15,000.00 Note 9.	As incurred.	As incurred.	Employees, suppliers, utilities
ESTIMATED TOTAL (note 8)	$146,340 to $425,140 (note 9)			

- Note 1: The Initial Franchise Fee is non-refundable. All other fees are also non-refundable.
- Note 2: Three (3%) percent of Initial Franchise Fee due at signing of franchise agreement and the remainder due within due 15 days after the execution of the lease or purchase of the café premises
- Note 3: If you do not own adequate shop space, you must lease the land and building. Typical locations are commercial areas and the typical Naya Dessert café occupies approximately 1,000.00 square feet. Rent is estimated to be between $72,000 - $108,000.00 per year and will likely depend on the geographic location, size, and condition of the premises, as well as the demand for the premises by other prospective tenants. These recurring overhead costs cannot be estimated. You will lease space from the owner of the commercial location on terms negotiated and decided by you and the owner. The lower figure contemplates a security deposit equal to one month's rent and the higher figure contemplates a security deposit equal to two months.
- Note 4: This includes food and beverage products, paper products, utensils, cleaning supplies, and printing and other supplies, including without limitation uniforms.

- Note 5: You must obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, type of policies, nature and value of physical assets, gross revenue, the number of employees, square footage, location, business contents, and other factors bearing on risk exposure. Each insurance policy must name us and our Affiliates as additional names insureds, will contain a waiver of subrogation rights against us and our Affiliates and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies.
- Note 6: This includes POS system, printer, computer, and other office equipment.
- Note 7: This category includes an estimate of security deposits, utility deposits, telephone services, food service licenses, and other prepaid fees that you will be required to pay.
- Note 8: Except as indicated, we do not offer direct or indirect financing to franchisees for any items.
- Note 9: The amount is based on our managing-member's 15 years of experience in the dessert café business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required purchases

In order to maintain the reputation, goodwill, high standards, quality and uniformity of the franchise, the Franchise Agreement restricts the sources of products and services you utilize in establishing and operating your Naya Dessert Café. We have specifications for all food and beverage products sold at Naya Dessert Cafés, food preparation equipment, supplies, fixtures, equipment, inventory, computer hardware and software, goods and comparable items related to establishing or operating a Naya Dessert Café. We have the right to require these items to be purchased only from us, our designee, or our approved suppliers. The source for virtually all of your purchases is restricted in some way. Our specifications are contained in our Confidential Operations Manual which may be changed, modified, or updated from time to time. We may reasonably add to or otherwise modify the Confidential Operations Manual, from time to time, whenever we consider such additional or modifications desirable to protect or maintain the goodwill associated with the "Naya Dessert Café" name and Proprietary Marks, or to meet competition, provided such additions or modifications are Franchise System-wide in nature and do not substantially increase your economic burden.

<u>Of all purchases and leases to be made by you to initially establish your franchise, approximately 90% to 100% of those purchases or leases are made from suppliers specifically designated by us or based on our specifications. Of all purchases and leases to be made by you in operating your franchise, approximately 75% to 100% of those purchases or leases are from suppliers specifically designated by us or based on our specifications.</u>

Required and approved suppliers

To maintain the superior quality of the goods and services sold by Naya Dessert Cafés and the reputation of the Naya Dessert Cafés, you must purchase or lease fixtures, equipment and supplies, furnishings, products and services, and related items from us or from suppliers that we designate or approve.

We may change approved suppliers periodically. We will identify all designated and approved suppliers in our Confidential Operations Manual.

After you sign the Franchise Agreement, we will furnish you a list of designated and recommended suppliers. Except for items we identify by designated supplier, you may purchase all goods, services, equipment, supplies, fixtures, furnishings, and inventory that we require you to have to operate your Naya Dessert Café from any supplier we recommend or from any alternative supplier whom you propose and which we approve in writing. Our criteria for approving suppliers is not available to our franchisees, but pursuant to the Franchise Agreement, we will take into consideration the product quality, delivery frequency and reliability, service standards as well as financial capability and credit of the identified supplier.

The Premises

We must approve the location of your Naya Dessert Café in all cases. Before you acquire the premises for the Naya Dessert Café, you must submit to us all information that we request. No site will be deemed to conform to our criteria unless we have expressly indicated that in writing. We have the right to ensure that the proposed lease or sublease for the premises satisfies the leasing standards we prescribe before you sign it.

Computer Hardware and Software

You are required to purchase, use, maintain and update your software, computer and other POS Franchise Systems that meet our specifications and requirements. We may introduce additional computer software and hardware (including POS and additional back office Franchise Systems) which you are required to purchase, maintain, and update at your expense, as specifications and requirements may be modified over time. In some cases, these components may only be available through us or our approved vendors. You will be responsible for paying all supplier and/or licensor (which may include our) charges for use, maintenance, support and/or updates to any future required Franchise Systems.

Approval of alternative suppliers

You may make a written request to purchase products from a source other than us, our designee, or our approved vendor. You must specify the item or product you wish to purchase from another source and provide all information we request to conduct an evaluation, take into consideration product quality, delivery frequency and reliability, service standards as well as financial capability and credit of the identified supplier. You may be charged a reasonable fee for us to conduct our evaluation. You will receive our written decision within 30 days from the written request. While we shall not unreasonably withhold approval of this process, we have no obligation to approve any request for a new supplier, product or item. Furthermore, we do not share our specific criteria for approving suppliers to franchisees.

Insurance

Before opening your Naya Dessert Café, you must purchase and throughout the term maintain in full force and effect at all times during the Franchise Agreement, insurance policies meeting our specifications in the Franchise Agreement. We require a minimum (i) comprehensive general liability insurance with a limit of Two Million Dollars ($2,000,000.00) combined single limit (including broad form contractual liability); (ii) workers compensation insurance as required by law; (iii) general casualty insurance for the full replacement value of the Naya Dessert Café and its contents; (iv) Builder's All Risk insurance during construction and renovation work; and (v) any additional insurance required by law. We may modify our minimum insurance requirements, establish and change deductible limits, and require you to carry additional forms of insurance on reasonable written notice. Premiums depend on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us and our affiliates as an additional insured party. In addition, the insurance shall cover acts or omissions of each and every one of the persons who perform services of any nature at your Naya Dessert Café, and shall protect against all acts of any persons who patronize the Naya Dessert Café and shall contain a waiver of subrogation against us.

The costs of these coverages will vary depending on the insurance carrier's charges, terms of payments, and your history.

Purchases from Us

You may be required to purchase certain products, equipment, services, goods, supplies, and inventory from us. There are no suppliers in which any of our members own an interest.

Stopping Sales and/or Deliveries

The delivery of all goods and/or services to you is COD. Your inability to make a COD payment does not excuse you from the obligation to comply with the Franchise Agreement and all aspects of our system, and does not modify our other remedies for your breach and/or failure to comply.

Negotiated prices

We may negotiate purchase arrangements, including price terms, with our franchise suppliers upon request, but we make no guarantee as to the results of those negotiations.

Material benefits

We do not provide any material benefits to you if you buy from sources we approve.

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of your required purchases or leases.

ITEM 9: FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.		
Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Articles II & XVII	Items 6 and 11
b. Pre-opening purchase/leases	Articles II, VII, VIII & IX	Item 8
c. Site development and other pre-opening requirements	Articles II, VII, VIII & IX	Items 6, 7, and 11
d. Initial and ongoing training	Articles II, IV, VI & XX	Item 11
e. Opening	Articles II, VI, & VII	Item 11
f. Fees	Articles V, VIII, IX, XI & XX	Items 5 and 6
g. Compliance with standards and policies/operating manual	Articles IV, VIII, XI & XV	Item 11
h. Trademarks and proprietary information	Articles III, VIII & XI	Items 13 and 14
i. Restrictions on products/services offered	Articles VII	Item 16
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Article VIII	Item 8
m. Maintenance, appearance, and remodeling requirements	Articles VIII & XV	Item 11
n. Insurance	Article XII	Items 6 and 8
o. Advertising	Article IX	Items 6 and 11
p. Indemnification	Article XIII	Item 6
q. Owner's participation/management/staffing	Articles VIII & XIX	Items 11 and 15
r. Records and reports	Article X	Item 6
s. Inspections and audits	Article VII & X	Item 17

t. Transfer	Article XX	Item 17
u. Renewal	Article IX	Item 17
v. Post-termination obligations	Article XVIII	Item 17
w. Non-competition covenants	Article XIV	Item 17
x. Dispute resolution	Article XXX	Item 17
y. Other: Guarantee of franchisee obligations (Note 1)	Article VIII	

Notes:

(1) Each individual who owns a 5% or greater interest in a franchisee that is a corporation or other business entity must sign an agreement not to compete (Exhibit E) and an agreement assuming and agreeing to discharge all obligations of the "franchisee" under the Franchise Agreement (Exhibit H).

ITEM 10: FINANCING

We do not offer direct or indirect financing to franchisees for any items. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of financing. We do not guarantee your notes, leases, or other obligations.

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

Except as listed below, Sweet Project LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your business, Sweet Project LLC will:

(1) We will specify a location and territory from where you can choose a location for your Naya Dessert Café. (Franchise Agreement Section 1.03).

(2) If the location for your Naya Dessert Café has not been approved at the time you sign the Franchise Agreement, we will designate a geographic area within which the Naya Dessert Café is to be located (the "Location and Territory"). The Location and Territory for your Naya Dessert Café will be inserted into the Franchise Agreement before you sign the Franchise Agreement as Exhibit A. If you refuse our proposed Location and Territory, we may attempt to negotiate in good faith mutually acceptable boundaries for the Location and Territory, but if we cannot agree within 30 days after receiving our notice of site approval, the proposed site shall be deemed disapproved.

(3) We will advise and consult with you in selecting an appropriate location for your Naya Dessert Café within the Location and Territory. We will review and advise you regarding potential locations that you submit to us. Generally, we do not own the premises and do not lease it to you.

(4) We will accept or reject your site for the Naya Dessert Café. We will use reasonable efforts to accept or reject a site that you propose within 30 days after we receive from you a complete site report and any other materials that we may require for assessment of the site. The factors that will affect our acceptance include population, size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance, and other physical characteristics of the premises; and presence of any other nearby Naya Dessert Cafés. You must acquire your site (by purchase, lease, or sublease) within 6 months of the date of your Franchise Agreement. Your Naya Dessert Café must be ready to open for business within 8 months after the date your lease is executed. If you fail to do so, we may terminate the Franchise Agreement. (Section 17.01(M) or 17.01(Q) of the Franchise Agreement). We do not guarantee the success of any site or any lease. We dol not provide assistance in locating a site or negotiating the purchase or lease of the site.

(5) We will review and accept or reject the lease of your site. We have the right to require you sign our Site Location Addendum. (Section 2.01 of the Franchise Agreement). We also reserve the right to have you conditionally assign your lease to us by conditional lease assignment provisions or require that your lease contain specific provisions specified in Section 2.01(C) of the Franchise Agreement.

(6) We will provide our Franchisee specifications for a Naya Dessert Café reflecting our requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and décor. (Section 2.04 and 7.01 of the Franchise Agreement).

(7) You are solely responsible for developing and constructing the location of your Naya Dessert Café, for all expenses associated with it, for conforming the premises to local ordinances and building codes and obtaining any required permits, and for compliance with the requirements of any applicable federal, state or local laws. You are required to employ a licensed architect, approved by us, to prepare preliminary and final architectural drawings and specifications for your Naya Dessert Café in accordance with our architectural plans and specifications. We will assist you in selecting the appropriate architects, engineers, contractors, and subcontractors for construction of all leasehold improvements of your Naya Dessert Café in accordance with the plans prepared by the architect.

(8) We will lend you our Confidential Operations Manual which will include, in part, the business procedures, suppliers list, recipes, technical advice and rules and regulations for operating the business. (Section 11.01 of the franchise Agreement).

(9) Sweet Project LLC conducts training programs for both you and some of your employees. (Section 6.01 of the Franchise Agreement). The training program will include preparation of food, dessert, and drink, and basic operations, which are conducted as needed. Sweet Project LLC does not charge for this training or service, but you must pay the travel and living expenses for you and your employees. All training occurs in San Francisco seven days before opening. Training is conducted by Phornthip Korkiatnun who has 15 years of dessert café experience including 4 years of restaurant experience.

(10) We do not provide for equipment, furniture, fixtures, and signs. However, we do provide specifications for these items. You may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by us, which our approval shall not be unreasonably withheld. (Section 2.07 of the Franchise Agreement). We do not deliver or install these items. We provide for opening inventory and supplies directly and provide names of approved suppliers.

Time Required to Open the Naya Dessert Café

A location must be selected and a lease signed within 6 months of signing the Franchise Agreement. (Section 17.01(Q) of the Franchise Agreement). Within 6 months from obtaining possession of the premises and having been furnished with specifications for the Naya Dessert Café, you must have secured all financing required to fully develop the Naya Dessert Café. You must also obtain all required licenses and permits, including utility, sign, health, sanitation and business permits and licenses. Improvements must be completed, equipment installed, and opening inventory, Products and supplied must be purchased within this time period. (Section 2.05 of the Franchise Agreement). Franchisees typically open the Naya Dessert Café within 6 to 12 months after they sign the Franchise Agreement. The factors that affect this time period are the availability of suitable premises, lease negotiations, compliance with local zoning requirements, delayed equipment and fixture delivery and installation, and delayed inventory delivery.

Post-Opening Assistance

During the operation of the franchised business, Sweet Project LLC will:

(1) Establish standards for certain proprietary food items, products, equipment, commodities and supplies to be used by you. (Section 7.08 of the Franchise Agreement). We may also develop new proprietary food items, products, programs and develop new equipment and techniques which you will be required to use and/or purchase to further operate your Naya Dessert Café.
(2) Make available to you a grand opening advertising program and ongoing local marketing program for your use.
(3) Maintain an advisory relationship with you, including ongoing telephone consultation. The frequency and duration shall be in our sole discretion and in accordance with the Confidential Operations Manual. Our operating assistance may consist of advice and guidance with respect to (A) methods and operating procedures, (B) additional food and beverage products and services authorized for sale, (C) selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies, and (D) the establishment and operation of administrative bookkeeping, accounting, inventory control, sales and general operating procedures. (Section 7.05 of the Franchise Agreement).
(4) Give you guidance on standards, specifications and operating procedures and methods of the Naya Dessert Café System; new recipe items, menu variations, food preparation and display methods; purchasing required

fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures.

(5) Review and approve or disapprove of proposed advertising materials prepared by you for use in local advertising.

(6) Inspect and observe the operations of the Café from time to time to determine whether you and the Café are complying with the Franchise Agreement and all Naya Dessert Café System standards.

(7) Establish prices. (Section 8.25 of the Franchise Agreement).

(8) Provide refresher and supplemental training programs or meetings at such locations as we may from time to time direct. You will be responsible for all expenses incurred in connection with attendance at any of these trainings. You are solely responsible for all hiring and employment decisions and functions relating to your Naya Dessert Café. (Section 8.27 of the Franchise Agreement).

(9) Update periodically the Operations Manual, as needed, to incorporate new developments and changes in the Naya Dessert Café Systems. We will provide you a copy of all updates.

(10) In its discretion, delegate performance of our duties to our affiliate operating in your market. These duties may include conducting inspections and providing consultation and advice.

Advertising

You are required to contribute to our Franchise System-wide advertising and promotional fund on a monthly basis during the term of this Agreement determined by us, but not to exceed 1% of your gross sales. You will contribute to the fund by electronic transfer. If there is a period of business interruption, you will continue to make monthly contributions based on your average monthly payment during the 2 month period immediately preceding the business interruption. (Section 9.2.1 of the Franchise Agreement). Naya Dessert Cafes that we own will also make contributions to the fund on an at least equal basis.

We will direct all advertising and promotions programs and we will have sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs.

Sweet Project LLC provides advertising materials and services to you through email. At your own cost, you will print out the material with the material designated by Sweet Project LLC. If you want additional copies, you must pay duplication costs.

The advertising and promotion fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; providing a toll-free number for prospective customers to call for referral purposes; and providing promotional brochures and other marketing materials to franchisees in our Franchise System).

You may, at your own cost, develop promotional materials and advertising for local use. Before distributing or publishing any advertising or promotional materials you create, you must obtain our written approval of the materials you intend to distribute. As a condition of approval, you must assign your copyright and any trademark or service mark rights in any materials you create to us, without compensation. You must permit us, the Advertising Fund and other Naya Dessert Café franchisees we authorize, to use these materials without compensation.

You will also be required to obtain, and maintain, at your expense, a bold listing in the white pages directory for “Naya Dessert Café” or any other name we designate. If there are other Naya Dessert Café’s located nearby, you will be required to participate in any local advertising cooperative that we establish or cause to be formed if we require your participation. Such participation may involve, for example, paying a pro rata share of the cost of yellow pages advertising (or equivalent) placed on behalf of Franchisee and other Naya Dessert Cafés. If no other Naya Dessert Cafés are located nearby. Franchisee must maintain a display advertisement, in a form Franchisor specifies, in the local yellow pages directory (or equivalent). You may not solicit business through an 800 (or other toll-free) number, direct mail or other advertising method without our prior written consent. You may not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium which in any way uses or displays, in whole or part, our Proprietary Marks, or any of them, or any words, symbols or terms confusingly similar to them without our prior written consent, and then only in the manner and in accordance with the procedures, policies, and standards we have set. You may not separately register any domain name or any portion of any domain name containing our Proprietary Marks or participate or market on any website or other form of electronic media using our Proprietary Marks without our prior written consent.

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. You may not use any advertising or promotional materials that we have not approved, have disapproved or that do not include the copyright registration notices and trademark registration notices we designate.

To apply for approval, you must submit a copy or transcript of the proposed materials in the exact form you intend to use them. We have 15 business days to review your request. If you do not receive our written disapproval in 15 business days, the materials are deemed to be approved, unless we request a reasonable extension of time. If you use materials we approve, you must use them in the exact form in which you submitted them to us. You retain discretion over all decisions which concern or affect the prices of goods or services you sell.

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

The Fund will be maintained in a separate account from our general funds and will not be used to defray our general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the advertising and promotional fund. (Section 9.2.4 of the Franchise Agreement). If we spend less than the total of all contributions to the fund during any fiscal year, we have the right to retain those contributions for use in subsequent years. If we spend more than the accumulated contributions of the fund in any fiscal year, we have the right to receive reimbursement or credit from the fund during the same or subsequent years to the extent of the excess expenditure. We may collect, for remission to the advertising and promotional fund, any advertising or promotional monies or credits by any supplier based upon your purchases. These monies will not be credited toward your required contribution. We also, generally will not spend these advertising funds to solicit new franchise sales.

An unaudited summary report on the operation of the Fund will be prepared annually and will be made available to you on request ninety (90) to one hundred twenty (120) days after fiscal year end. We are not required to have the Fund statements audited.

The advertising and promotional fund will also establish and maintain an on-line presence. We shall establish and maintain from time to time, one or more Internet Websites that shall be used to provide information about Naya Dessert Cafés to the public. We will have sole discretion and control over the establishment, design and content of the Website. You may not promote your Naya Dessert Café or use any of our Proprietary Marks in any manner on any social or networking websites, such as Facebook, Linkedin or Twitter, without our prior written consent. We will control all social media initiatives. We also reserve the right to conduct collective/national campaigns through local social media on your behalf. We will remain the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all materials you may furnish to us.

We are not required to spend any amount on advertising in the area or territory where your Naya Dessert Café is located.

We may establish an advertising counsel of franchisees which will advise us on advertising policies. Franchisees will elect members of the council which will be advisory and have no operational or decision-making power. The council will operate under its own bylaws, but we will have the right to change or dissolve the council.

Computer Requirements

Sweet Project LLC requires you to have a POS computer system and internet access. Sweet Project LLC does not specify an Internet supplier, but you must purchase the POS computer system from Sweet Project LLC or use the same POS as Sweet Project LLC franchises. You are required to purchase, use, maintain and update your software, computer and other POS Franchise Systems that meet our specifications and requirements. There are no contractual limitations on the frequency and cost of upgrades and updates to the Franchise Systems or programs. The POS Franchise System shall allow us to communicate with you, poll and review results of your business operations, including sales data, consumer trends, food and labor costs, and other financial information. You are responsible for paying all supplier and/or licensor charges for use, maintenance, support and/or updates to any future required Franchise Systems. We do not have a contractual obligation under the Franchise Agreement to provide any maintenance, repairs, upgrades, or updates on any software or hardware. The cost of purchasing or leasing these systems is approximately $3,000.00. The annual cost of any optional or required maintenance, updating, upgrading, or support contracts is approximately $1,000.00.

Sweet Project LLC reserves the right to inspect your franchise to ensure it is compliant with this POS computer system requirement. (Franchise Agreement, Section 8.23, 8.24, 10.04.) You will not have independent access to information and data that is electronically collected. However, Franchisor will have independent access to information and data that is electronically collected.

Operating Manual

We will offer you the opportunity to view our Operating Manual prior to buying your Naya Dessert Café.

Sweet Project LLC will loan you a copy of our operating manual that contains mandatory and suggested specifications, standards, and procedures. This manual is confidential and remains our property. Sweet Project LLC will modify this manual, but the modifications will not alter your status and rights under the Franchise Agreement (Franchise Agreement, Article XI and Exhibit E Confidentiality and Non Competition Agreement).

It is your responsibility to ensure that all subsequent managers and employees are trained in Sweet Project LLC's systems and procedures and that Sweet Project LLC's systems and procedures are utilized at your store. You and your manager are required to attend our initial training program, at our San Francisco headquarters, during the time period prior to the opening of your Naya Dessert Café, but not less than two weeks prior to its opening. We offer training at $50/hour per instructor, plus travel and lodging expenses. Sweet Project LLC may audit your store at any time to ensure your compliance with Sweet Project LLC systems and procedures. You will be required to attend periodic refresher and supplemental training programs.

As we do not have any prior franchisees, we do not have a training program as of our last fiscal year. However, our training program consists of the following:

Training Program

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Preparation of food, dessert, and drink.	1		Our SF Location or location of our choice

Basic Operations	1		Our SF Location or location of our choice

Our training classes are offered on an as needed basis at our San Francisco headquarters location or a location chosen at our discretion. Instruction shall be provided by Phornthip Korkiatnun who has 15 years of experience in the dessert café business and 4 years of restaurant experience.

ITEM 12: TERRITORY

We grant you a franchise for a location to be approved by us according to site selection procedures described in Items 5 and 11 of this Franchise Disclosure Document and Section 1.04 of the Franchise Agreement. Relocation of your Café requires our prior written approval. Any such relocation shall be at your sole expense. We will also have the right to charge you for costs and expenses incurred in connection with any relocation. Upon our consent to a relocation, you will be responsible for de-identifying the former location. You will have 12 months from the date of our approval of the new location to secure the new location and open and operate your Naya Dessert Café at the new location.

<u>We will have the right to use other channels of distribution (e.g., the Internet, catalog sales, telemarketing or other direct marketing) inside your territory using our principal trademarks without compensation to you. We will, including our affiliates, also have the right to use other channels of distributions (e.g., the Internet, catalog sales, telemarketing or other direct marketing) to make sales within your territory using other trademarks without compensation to you.</u>

A. Description of Your Exclusive Territory

We will present you the proposed boundaries of your exclusive territory after we approve your franchise location. Your exclusive territory will be an area of at least one-half (½) mile from your Naya Dessert Café. In determining the proposed boundaries, we will consider such factors as the population size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance and other physical characteristics of the premises; and presence of any other nearby Naya Dessert Cafés. The specific description of your exclusive territory along with the corresponding map showing the clear boundaries of your territory, will then be placed in writing and incorporated into your franchise agreement.

Under the Franchise Agreement, you have no right of first refusal or similar rights to acquire additional franchises or establish additional Naya Dessert Cafés. If we grant you an additional franchise you must enter into a separate Franchise Agreement with us.

B. Additional Disclosures re Territory:

The Franchise Agreement lets you engage only in retail transactions of authorized goods and services to customers for their own use and for their own consumption at your Naya Dessert Café. You may not engage in wholesale sales without our prior written consent. "Wholesale sales" includes the sale or distribution of merchandise or products to a third party for resale, retail sale or other method of distribution. You may not engage in transactions with customers that do not take place on the premises of your Naya Dessert Café.

Unless we consent in writing, you will not have the right to acquire additional franchises within the territory we assign to your Naya Dessert Café. Your franchise rights are not contingent on achieving any minimum sales level or other sales or market penetration contingency.

We and our affiliates have the right but no current plan to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

ITEM 13: TRADEMARKS

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We grant you the right to operate a shop under the name “Naya Dessert Cafe” You may also use our other current or future trademarks to operate your shop. By “trademark,” we mean trade names, trademarks, service marks, and logos used to identify your shop. We registered the trademark with the California Secretary of State as of March 23, 2020. All required affidavits and renewals have been filed.

You must use all names and marks in full compliance with provisions of the Franchise Agreement and in accordance with the rules we periodically prescribe. You cannot use a name or mark as part of a corporate name or with modifying words, designs, or symbols, except for those which we license to you. You may not use Sweet Project LLC’s registered name in connection with the sale of any unauthorized product or service, or in a manner that we have not authorized in writing.

There are no currently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator or any court, pending interference, opposition or cancellation proceeding, or material litigation involving “Naya Dessert Café”.

Our inability to register this mark on the federal level permits others to establish rights to use the Naya Dessert Cafe mark. Such use of the Naya Dessert Cafe mark does not occur in areas where our franchisees are operating or advertising under the mark, or in the natural zone of expansion for Sweet Project LLC’s cafes. In addition, others outside the Sweet Project LLC system who use the Naya Dessert Cafe mark must act in good faith and without actual knowledge of our prior use of the mark. However, if others establish rights to use the Naya Dessert Cafe mark, we may not be able to expand into these areas using that mark.

No agreements limit our right to use or license the use of Sweet Project LLC's trademarks. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

You must notify us if you become aware of any unauthorized use of our trademark or a colorable imitation of our trademark, or if litigation involving our trademark is instituted or threatened against you, and to cooperate fully with us in this regard. We will take the action we think appropriate. We have the right to control any litigation concerning our trademark. While we are not required to defend you against a claim against your use of our trademark, we will reimburse you for your liability and reasonable costs in connection with defending our trademark. To receive reimbursement you must have notified us immediately when you learned about the alleged infringement or challenge. You must modify or discontinue the use of a trademark if we modify or discontinue using it. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business.

We may at any time, in our sole discretion, modify, substitute or discontinue use of our trademark, and in that case you must comply with these changes at your expense within a reasonable period of time.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise.

Our confidential Operations Manual, other manuals, training material, merchandise and vendor lists, updates, action plans, and other directives contain material which we consider trade secrets. We also claim common law copyrights in our confidential Operations Manual. You must operate the Café in accordance with the standards and procedures specified in the Operations Manual. One copy of the Operations Manual will be loaned to you by us for the term of the Franchise Agreement. We claim trade secret and copyright protection for these manuals and materials although we have not filed any corresponding applications concerning them. You have to follow our direction in protecting the manuals and other trade secret material from unauthorized disclosure. You must use our proprietary material only as we direct. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record, or otherwise reproduce these materials, in whole or in part, or make them available to unauthorized persons. The Operations Manual remains our sole property.

All of your employees, managers and supervisors must sign a confidentiality agreement in which they promise to keep all of our proprietary information confidential and to follow our directions regarding its use. Your principals also must sign this confidentiality agreement. We will be a third-party beneficiary of the confidentiality agreement with the independent right to enforce them.

Neither you nor your controlling principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

There are no administrative or judicial determinations relating to the common law copyrights, nor any agreements that limit the use of them. We are not obligated to protect these copyrights. We are not obligated to defend or indemnify you if you are made a party to any proceeding because of the common law copyrights.

There are no infringing uses actually known to us that would materially affect your use of our confidential Operations Manual.

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

If you are an individual, you must directly supervise the franchised business on its premises. At all times during the term of this Agreement or any renewal, you shall have a supervisor managing the operation of the Naya Dessert Café who has successfully completed our training program and is able to operate the Café in accordance with the Franchise Agreement and our standards.

If you are a corporation, a person who owns at least 1/3 share of the corporate equity must perform the direct, on-site supervision of the franchised business.

You must respond to our communications and requests for information within the time frames we request.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved (see Item 9). You must offer all goods and services that we designate as required for all franchisees. These required services are the proper preparation, handling, and serving of food and beverages. Supplies, and equipment used in your business must be approved by us (see Item 8).

You must operate your Naya Dessert Café in accordance with the System Standards (including required products and services). We have the right, without limitation, to change the types of products and services that you are authorized to sell at our sole discretion. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our System Standards without first obtaining our written consent.

There are no restrictions on the customers to whom you can sell the products at your Naya Dessert Café. However, you may not use your Café for any purposes other than the operation of the Naya Dessert Café in full compliance with the Franchise Agreement and Operations Manual, without our prior written approval. You must purchase, use and offer each of and only the types, brands and quality of products and services we designate. The Franchise Agreement allows you to operate one Naya Dessert Cafee at the franchise location only, and nowhere else, except with our prior written approval.

You must operate your Naya Dessert Café all days and during the minimum hours we prescribe in the Operations Manual, unless local conditions, like terms of your lease, require different days/hours or you obtain our prior written consent. Your operations must comply with all laws, including, but not limited to, laws on packaging, labeling, health and sanitation, environmental waste, and the like. You must investigate these laws and ensure compliance.

We may add to, modify or discontinue the approved list of menu items, ingredients, preparation processes, or other goods and services you must offer. We communicate changes by written bulletin or revisions to the Operations Manual. There is no limit on our right to impose these modifications. You will be given reasonable time (at least 30 days) after notice from us to implement changes and stop selling particular items which we delete from the approved list.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Article IV	5 years
b. Renewal or extension	Article IV	One additional term of 5 years
c. Requirement for franchisee to renew or extend	Article IV	You are in substantial compliance with the agreement and pay the renewal fee. The Café may need remodeling, at your expense, and you may be required to sign a

		Franchise Agreement, in effect at the time of renewal, which may contain materially different terms and conditions than the agreement you originally signed.
d. Termination by franchisee	None	The Franchise Agreement does not provide for this. However, you may seek to terminate on any grounds available to you under applicable law.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	Article XVII	We can terminate if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Article XVII	30 days for operations defaults, 30 days for monetary defaults, 24 hours for health code violations
h. "Cause" defined – non curable defaults	Article XVII	Conviction of a felony, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors, repeated violations.
i. Franchisee's obligations on termination/non-renewal	Article XVIII	Pay outstanding amounts, de-identification, return of confidential information and telephone numbers.
j. Assignment of contract by franchisor	Article XX	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment is willing and able to assume our obligations under the Franchise Agreement.

k. “Transfer” by franchisee-defined	Article XX	Includes transfer of contract of assets or any ownership change.
l. Franchisor approval of transfer by franchisee	Article XX	We have the right to approve all transfers, our consent not to be unreasonable withheld.
m. Conditions for franchisor approval of transfer	Article XX	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, then-current contract signed.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Article XX	
o. Franchisor’s option to purchase franchisee’s business	Article XX	
p. Death or disability of franchisee	Articles XX & XXI	Franchise must be assigned to approved buyer within 12 months or transferred to an heir or representative
q. Non-competition covenants during the term of the franchise	Article XIV	You shall not divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	Article XIV	No competing business for two years, within 10 miles of any other Naya Dessert Café
s. Modification of agreement	Article XXXII	No modifications generally but the Operations Manual is subject to change. Revisions to the Operations Manual will not unreasonably affect your obligations.
t. Integration/merger clause	Article XXXII	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and

		franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XXX	Except for certain claims, all disputes must be arbitrated in California (subject to state law)
v. Choice of forum	Article XXX	Arbitration in California (subject to state law)
w. Choice of law	Article XXIX	California law applies (subject to state law)
Notes: (1) Franchisor is not obligated by the Agreement to buy back inventory at fair market value. This policy is subject to change at any time.		

ITEM 18: PUBLIC FIGURES

Sweet Project LLC currently does not use any public figures to promote the franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATION

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned, affiliate-owned, or franchised Naya Dessert Cafés. We do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Phornthip Korkiatnun, 535 Octavia Street, San Francisco, CA 94102 (415-990-5527), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary for years 2021-2023 (Table No. 1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 2022 2023	0 0 0	0 0 0	0 0 0
Company Owned	2021 2022 2023	0 0 0	0 0 0	0 0 0
Total Outlets	2021 2022 2023	0 0 0	0 0 0	0 0 0

Transfer of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2021-2023 (Table No. 2)		
State	Year	Number of Transfers
California	2021 2022 2023	0 0 0
Total:	2021 2022 2023	0 0 0

Status of Franchise Outlets For years 2021-2023 (Table No. 3)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
CA	2021 2022 2023	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Total:	2021 2022 2023	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

Status of Company-Owned Outlets For years 2021-2023 (Table No. 4)							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
CA	2021 2022 2023	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Total:	2021 2022 2023	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

Projected Openings As of December 31, 2023 (Table No. 5)			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
CA	0	0	0
Total:	0	0	0

Former Franchisee Contact Information
At present, there are no former franchisees.

Previous Owner Information
At present, there are no previous owners.

Confidentiality Agreements
At present, since there are no former franchisees or previous owners, there are no agreements with past franchisees pertaining to confidentiality.

<u>Exhibit E of this Franchise Disclosure Document contains a list of our current franchisees, master licensees and affiliate owned units. Exhibit E of this Franchise Disclosure Document also contains a list of franchisees and master licenses who have had a unit terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.</u>

ITEM 21: FINANCIAL STATEMENTS

The franchisor's audited financial statements Year Ended December 31, 2022 and December 31, 2023 are attached as Exhibit B.

ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following this Franchise Disclosure Document:

Exhibits

A. Franchise Agreement
B. Sweet Project Audited Financial Statements

ITEM 23: RECEIPTS

Exhibit H of this Franchise Disclosure Document, found as the last 3 pages of this disclosure document contain a receipt, in duplicate. The Receipt is a detachable acknowledgement that you have received this Franchise Disclosure Document. Both receipts should be signed and dated by you One copy should be returned to us, and you should keep the other for your records. You may return the signed and dated receipt to us by either mailing it to us at Sweet Project LLC, 535 Octavia Street, San Francisco, CA 94102, or by emailing it to us at nayacafesf@gmail.com.

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A
Franchise Agreement

FRANCHISE AGREEMENT for SWEET PROJECT LLC

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EXHIBITS

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FRANCHISE AGREEMENT

Products and Services Franchise System

This FRANCHISE AGREEMENT ("Agreement") is made on ______________________[*date*], between Sweet Project LLC, a California limited liability company, with its principal place of business located at 535 Octavia Street, San Francisco, CA 94102 ("Franchisor"), and ______________________[*name of franchisee*], of ______________________[*address*], referred to as Franchisee.

RECITALS

Franchisor and Franchisee mutually acknowledge the following:

I. The Franchise System

Franchisor has developed a unique and successful Franchise System for the establishment and operation of dessert cafés known as Naya Dessert Café ("Franchise System").

Franchisor is in the business of franchising Naya Dessert Café's which engage in the preparation, handling, and serving of specialized desserts, café food, and drink products (listed in Schedule A attached to this Agreement) to the general public, as part of the Franchise System.

As part of the Franchise System, Franchisor provides certain services to its franchisees, including input on site selection, input on Café construction and layout, input on equipment selection and installation, training on purchasing and inventory control methods, accounting methods, merchandising, advertising, sales, and promotional techniques, personnel training, and other services related to the efficient and successful operation of Naya Dessert Café within the Franchise System and the maintenance of high standards of quality.

To assist Naya Dessert Café franchisees to get started in business, Franchisor makes available to all franchisees both initial and continuing information, experience, advice, guidance, and know-how with respect to shop management, operation, financing, and promotion, as part of the Franchise System.

II. Proprietary Marks

Franchisor, all Naya Dessert Cafés, and the Franchise System, are operated in connection with and through the use of various trade Proprietary Marks, trade names, and service Proprietary Marks, referred to in Section 3.01 of this Agreement as "Proprietary Marks." Franchisor's Proprietary Marks include, but are not limited to, those registered with the California Secretary of State.

III. Goodwill

Franchisor has expended large sums of money as well as effort over a period of many years in developing the Franchise System and in advertising, promoting, and publicizing the Franchise System's Proprietary Marks, all of which have become well and favorably known to the public throughout California, and Franchisor has acquired valuable goodwill in connection with the Franchise. The public has come to associate the Proprietary Marks exclusively with the Franchise System, and the products and services offered, sold, installed, and rendered by Naya Dessert Cafés.

IV. Franchisee's Acknowledgments

Franchisee has had the opportunity to investigate the Franchise System and the competitive market in which it operates and, based on the conclusions drawn from this investigation, desires to establish a Naya Dessert Café; use the Franchise System and its Proprietary Marks; have the right to engage in the business of offering to the public the Franchise System's products and services; and to derive benefit from the Franchisor's information, experience, advice, guidance, know-how, and customer goodwill.

Franchisee acknowledges that each Naya Dessert Café operation is dependent on each of the franchisees in the Franchise System to establish and maintain the goodwill necessary for a successful operation of the Franchise System. Franchisee further acknowledges that it is essential to the maintenance of the high standards that the public has come to expect of Naya Dessert Cafés, to the preservation of the integrity of the Franchisor's Proprietary Marks and goodwill, that each franchisee adhere to the uniform standards, procedures, and policies described in this Agreement.

Franchisee further acknowledges that this Agreement was accompanied by a Franchise Disclosure Document, which Franchisee received at least 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale.

Franchisee acknowledges that Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that, like any other business, the nature of the business conducted by Sweet Project LLC may evolve and change over time. Franchisee acknowledges that an investment in a Naya Dessert Café involves business risks. Franchisee recognizes that the success of the venture is largely dependent upon the business abilities and efforts of Franchisee.

Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits, or success of the business venture contemplated by this Agreement. Franchisee acknowledges that Franchisee has not received or relied on any representations about eh franchise by Franchisor that are contrary to the statements made in Franchisor's FDD or to the terms and conditions contained in this Agreement.

THEREFORE, in accordance with the above, Franchisor and Franchisee do hereby agree as follows:

ARTICLE I. GRANT OF FRANCHISE AND EXCLUSIVE TERRITORY

Section 1.01. Subject to the terms and conditions contained in this Agreement, Franchisor hereby grants to Franchisee the right to own and operate a Naya Dessert Café at, and only at, the premises approved by Franchisor in accordance with the provisions of this Agreement (the "Café"), and to use the Proprietary Marks in operation of the Café.

Section 1.02. Unless an approved location has been selected by Franchisee at the time this Agreement is executed, Franchisee shall select the location of the Café, subject to Franchisor's approval, within the timeframe as provided in this Agreement.

Section 1.03. The franchise location and territory set forth in Exhibit "A" may not be altered or changed by Franchisee without Franchisor's prior written approval. In the event there is such an approval, the new franchise location shall become the "Franchise Location" under the terms of this Agreement.

Exclusive Territory

Section 1.04. Franchisee shall have an exclusive territory that will encompass an area having at least a one-half (½) mile radius from Franchise Location ("Territory"). The specific boundaries of Territory along with the corresponding map shall be determined by Franchisor and placed in writing and incorporated into this Agreement. In determining the boundary of your exclusive territory, Franchisor will consider such factors as the population, size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance, and other physical characteristics of the premises; and presence of any other nearby Naya Dessert Cafés.

Section 1.05. If Franchisee refuses the Territory proposed by Franchisor, the parties shall negotiate in good faith to identify mutually acceptable boundaries for the Territory consistent with Franchisor's policies; provided, however, that if the parties cannot agree on such boundaries within thirty (30) days after Franchisee received Franchisor's notice of site approval, the proposed site shall be deemed disapproved.

Section 1.06. As long as Franchisee is not in default under this Agreement, Franchisor shall not operate or grant others the right to operate, a Naya Dessert Café in the Territory. However, nothing in or elsewhere in this Agreement prohibits Franchisor from engaging in the following activities in the Territory:

(A) Selling or permitting others to sell any menu items sold at Naya Dessert Café, or pre-packaged items used to prepare any food items sold at Naya Dessert Café, under the Proprietary Marks or other names, to restaurants, café's, convenience stores, grocery stores, specialty food stores, and department stores selling food items located within the Territory.

(B) Selling or permitting others to sell any menu items sold at Naya Dessert Café, or pre-packaged items used to prepare any food items sold at Naya Dessert Café, under the Proprietary Marks or other names from mobile units or carts, kiosks, vending machines, or other mobile or stationary devices which occupy less than 200 feet and are in the Territory.

(C) Selling or permitting others to sell any menu items sold at Naya Dessert Café, or operating (or granting others the right to operate) a Naya Dessert Café, which is located at, or within, any airport, rail or bus terminal, stadium, amusement park, public park, theater, military base, hospital, or health care facility, educational facility, high density office location, or other mass gathering place entirely or partially in the Territory.

(D) Advertising and promoting the sale of, and selling, menu items sold at Naya Dessert Cafés through the Internet or by using any other public computer network electronic communication method, or by mail order, catalog sales, or comparable methods that solicit orders and business from customers situated in the Territory without requiring the customer's physical present in a Naya Dessert Café to complete the transaction.

Section 1.07. Franchisee acknowledges that Franchisor, entities related to Franchisor through common ownership, and each of their officers, directors, employees, and agents, may engage in any and every activity, within or outside of the Territory, which not expressly prohibited by this Agreement. Except for the restrictions stated in this Section, this Agreement does not limit Franchisor's right to use or license the Proprietary Marks or the Franchise System, or to engage in, or license, any other type of business activity, whether similar to or different from the Naya Dessert Café.

Section 1.08. Franchisee acknowledges and agrees that Franchisee has no right to participate, directly or indirectly, in any activity reserved by Franchisor, and that Franchisee has no right to object to any activity reserved by Franchisor.

Section 1.09. Franchisor, in its sole discretion, reserves the right to approve exceptions or deviations from the Franchise System. Franchisee acknowledges it has no right to object to variances granted to others and to claim against Franchisor for failing to enforce standards of the Franchise System against other Naya Dessert Café franchisees.

Section 1.10. Franchisee shall have no right to grant subfranchises to others. Franchisee shall not, and shall not attempt to, grant subfranchises to others.

Section 1.11. Franchisee may not engage in wholesale sales without the prior written consent of Franchisor. "Wholesale sales" includes the sale or distribution of merchandise or products to a third party for resale, retail sale or other method of distribution.

ARTICLE II. DEVELOPMENT AND OPENING OF THE CAFÉ AND TERRITORY

Lease of Café Premises:

Section 2.01. Franchisor shall have the right, in its sole discretion, to require:

(A) Franchisee to execute a Site Location Addendum in the form attached as Exhibit "D" to this Agreement;

(B) Franchisee to conditionally assign such lease to Franchisor (with the consent of the lessor, if required) by conditional lease assignment provisions in the form attached as Exhibit "C" to this Agreement in order to secure performance of any and all of Franchisee's liabilities and obligations to Franchisor; or

(C) That such lease contain substantially the following provisions:

a. “Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to Sweet Project LLC, or its designee.”

b. “Lessee agrees that Lessor may, upon the written request of Sweet Project LLC, disclose to Sweet Project LLC all reports, information or data in Lessor’s possession respecting sales made in, upon or from the leased premises.”

c. “Lessor shall give written notice to Sweet Project LLC (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease, and Company shall have the right, in its sole discretion, to cure any such default. Such notice shall be sent to Sweet Project LLC at its headquarters, or such other address as Sweet Project LLC may from time to time specify in writing to Lessor.”

Development of Café:

Section 2.04. Franchisor will furnish to Franchisee specifications for Naya Dessert Café reflecting Franchisor’s requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor. Before commencing any renovation or construction. Franchisee shall employ a licensed architect approved by Franchisor to prepare preliminary and final architectural drawings and specifications for the Franchised Business in accordance with Franchisor’s standard architectural plans and specifications.

Section 2.05. Within one hundred eighty (180) days after obtaining possession of the premises of the Café and having been furnished with the above-described plans and specifications. Franchisee will do or cause to be done the following:

(A) Secure all financing required to fully develop the Café;

(B) Prepare, at Franchisee’s expense, and submit to Franchisor for approval (which approval may be granted or withheld at Franchisor’s sole discretion) any proposed modifications to Franchisor’s specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, Franchisor;

(C) Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

(D) Construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with plans and specifications approved by Franchisor; and

(E) Purchase, in accordance with Franchisor’s specifications and requirements, an opening inventory of proprietary food items, Products, ingredients and other products and supplies required for the opening of the Café.

Section 2.06. Franchisee shall use Franchisee’s best efforts to complete development and have the Café ready to open within two hundred forty (240) days after Franchisee obtains possession of the premises. All activities, including without limitation, (1) obtaining bids and concluding a contract with a suitable general contractor or contractors for the construction of the Café; (2) obtaining bids and concluding orders for the signs, fixtures, furnishings, equipment and operating supplies and materials; (3) making all decisions concerning the construction, furnishing, equipping and staffing of the Café; (4) maintaining a current and complete accounting of the costs of development of the Café; and (5) supervising the construction, furnishing, equipping and staffing of the Café, shall be performed by Franchisee in the time frames necessary to complete the development of the Café on schedule. All final decisions concerning the development of the Café which are discretionary and not dictated by Franchisor’s written specifications shall be made by Franchisee. Within a reasonable time after the completion of development, a final accounting of all costs of development of the Café, along with copies of all contracts, lien waivers, other paid receipts and equipment warranties, shall be provided by Franchisee to Franchisor when requested. Franchisee may, at Franchisee’s option, purchase or lease equipment for the Café.

Fixtures. Equipment. Furniture and Signs:

Section 2.07. Franchisee will use, in the construction and operation of the Café, only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for Cafés as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the premises of the Café only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor’s standards or specifications.

Café Opening:

Section 2.08. Franchisee will not open the Café for business until:

(A) Franchisor determines that the Café has been constructed and equipped in accordance with approved plans and specifications;
(B) Franchisee and Franchisee's manager(s) have completed training to Franchisor's reasonable satisfaction;
(C) The Initial Franchise Fee and all other amounts due to Franchisor under this Agreement and any other related agreements to which Franchisee is a party have been paid;
(D) Franchisor has been furnished with copies of all insurance policies required by Article XII of this Agreement, or such other evidence of insurance coverage as Franchisor requests; and
(E) Franchisee has completed all preparations for the opening of the Café, as reasonably determined by Franchisor.

Section 2.09. Franchisee will use its best efforts to have the Café ready to open for business within eight (8) months after the date Franchisee's lease or sublease is executed. Final approval by Franchisor of the opening of the Café shall be given in writing and shall be in Franchisor's reasonable discretion. Franchisee will open the Café for business within ten (10) days after receipt of such written notice from Franchisor.

Relocation of Café:

Section 2.10. To protect the Naya Dessert Café Franchise System, the Proprietary Marks and the goodwill associated with the same. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation. If Franchisor consents to a relocation. Franchisee shall de-identify the former location in the manner described below in Section 2.12 and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses including attorneys' fees, arising out of Franchisee s failure to do so. If Franchisor consents to a relocation of the Franchised Business during the Term, Franchisee shall have twelve (12) months from the date of Franchisor's approval of the new location to secure the new location and to open and operate the Franchised Business at the new location.

Section 2.11. If Franchisee's lease or sublease for the premises of the Café terminates without fault of Franchisee, or if the premises are damaged, condemned or otherwise unusable, or if in the reasonable judgment of Franchisor and Franchisee there is a change in the character of the location of the Café sufficiently detrimental to its business potential to warrant its relocation. Franchisor shall grant permission to Franchisee for relocation of the Café to a location approved by Franchisor. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation.

Section 2.12. In the event of a relocation of the Café, Franchisee shall promptly remove from the first Café premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Proprietary Marks or any distinctive features or designs associated with Naya Dessert Café. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such changes, modifications or alterations as may be necessary to distinguish the first location clearly from its former appearance and from other Naya Dessert Cafés and to prevent any possibility of confusion of the first location with a Naya Dessert Café by the public (including, without limitation, removal of all distinctive physical and structural features identifying Naya Dessert Cafés and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate. Franchisee agrees that Franchisor or its designated agents may enter the premises of the first location and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that Franchisee's failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex-parte order by a court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Café premises is not promptly and completely undertaken. Franchisor may then revoke its permission for relocation and declare a default under this Agreement pursuant to Article XVII below.

ARTICLE III. PROPRIETARY MARKS AND GOODWILL

Section 3.01. When used in this Agreement, "Proprietary Marks" mean the trade Proprietary Marks and service Proprietary Marks which are used to identify Naya Dessert Cafés and to distinguish it from that of any other business, and the trade Proprietary Marks, service Proprietary Marks, trade names, logos and commercial symbols as may be designated by Franchisor from time to time for use in connection with the Franchise System.

Section 3.02. Franchisee is authorized to use the Proprietary Marks, goodwill and trade secrets in the operation of the Café only at the location specified in Article I. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor. Franchisee understands and agrees that the limited license to use the Proprietary Marks granted hereby applies only to such Proprietary Marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that Franchisee will not represent in any manner that Franchisee has acquired any ownership or equitable rights in any of Franchisor's Proprietary Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Proprietary Marks.

Section 3.03. Franchisee acknowledges that Franchisor is the sole and exclusive licensee of all of the Proprietary Marks, goodwill and trade secrets, and that Franchisee shall not register or attempt to register the Proprietary Marks or to assert any rights in them other than as specifically granted in this Agreement.

Section 3.04. At Franchisor's request. Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of Franchisee's use of Proprietary Marks.

Section 3.05. Franchisee shall only use the Proprietary Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans of Franchisor, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (collectively referred to below as "Confidential Operations Manuals") prepared by Franchisor. Franchisee shall not use any confusingly similar Proprietary Marks in connection with its franchise or any other business in which it has an interest.

Section 3.06. Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using Franchisor's Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials using the Proprietary Marks shall comply with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

Section 3.07. Franchisor reserves the right to (i) modify or discontinue licensing any of the Proprietary Marks, (ii) add new names, Proprietary Marks, designs, logos or commercial symbols to the Proprietary Marks and require that Franchisee use them and (iii) require that Franchisee introduce or observe new practices as part of the Franchise System in operating the Franchised Business. If at any time. Franchisor in its sole discretion, decides to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then Franchisee shall comply with any such instruction by Franchisor. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Proprietary Marks, and shall promptly discontinue the use and display of outmoded or superseded Proprietary Marks, at Franchisee's expense. Franchisee waives any claim arising from or relating to any proprietary mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee will not commence or Join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

Section 3.08. Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using Franchisor's Proprietary Marks, color combinations, designs, symbols or slogans; and Franchisee shall execute such documents and take such action as Franchisor may deem necessary or appropriate to evidence this fact. After the effective date of expiration, termination or non-renewal. Franchisee shall not represent or imply that Franchisee is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect Franchisor's Proprietary Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of Franchisor's Proprietary Marks will result in irreparable harm to Franchisor, for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

Section 3.09. Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of Franchisor's

Proprietary Marks. Franchisee will immediately notify Franchisor of any other claim, demand or litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee.

Section 3.10. Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of Franchisor's Proprietary Marks or that, in Franchisor's Judgment, may affect the goodwill of the Franchise System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. Franchisee shall execute those documents and perform those acts, which in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as Franchisor may undertake.

Section 3.11. In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee will do business and advertise using only the Proprietary Marks designated by Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to, and shall not, use the name "Naya Dessert Café" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection.

Section 3.12. In order to preserve the validity and integrity of Franchisor's Proprietary Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business. Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books, and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspection.

Section 3.13. Franchisee shall be required to affix the ™ or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Naya Dessert Café" or any other of Franchisor's Proprietary Marks, whether presently existing or developed in the future.

Section 3.14. Franchisee acknowledges that it does not have any right to deny the use of Franchisor's Proprietary Marks to any other franchisees. Franchisee shall execute all documents and take such action as Franchisor may request to allow Franchisor or other franchisees to have full use of the Proprietary Marks.

Section 3.15. If, during the term of this Agreement, there is a claim of prior use of any of Franchisor's Proprietary Marks in the area in which Franchisee is doing business. Franchisee, at Franchisor's discretion, shall use Franchisor's Proprietary Marks in such a way to avoid a continuing conflict.

Section 3.16. Franchisor will indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceedings in which he is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceedings, has otherwise complied with this Agreement, and has tendered complete control of the defense of such to Franchisor. If Franchisor defends such claim. Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

Section 3.17. During the term of this Agreement and any renewal or extension hereof. Franchisee shall identify itself as the owner of the Café in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as Franchisor may designate in writing.

ARTICLE IV. TERM AND RENEWAL

Section 4.01. Except as otherwise provided in this Agreement, the initial term of this franchise (the "Initial Term") shall be for five (5) years from the date of execution of this Agreement.

Section 4.02. Subject to the conditions specified in Section 4.3 below. Franchisee shall have the right to renew this Agreement for a period of five (5) years from the date of the expiration of the Initial Term.

Section 4.03. Franchisee's right of renewal pursuant to Section 4.2 above shall be subject to the following conditions precedent:

(A) Neither this Agreement nor the lease or sublease agreement shall have been terminated for any reason, and the lease or sublease is renewable;
(B) Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any sublease agreement, or any other agreement between Franchisor or any subsidiary and/or affiliated corporation, and Franchisee has substantially complied with all of the terms and conditions of such agreements during their terms;
(C) Franchisee shall have served notice of its intention to exercise its right of renewal not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the Initial Term;
(D) Franchisee shall have effected the improvements to Franchisee's Café and its operations required by Franchisor pursuant to Section 4.4 below;
(E) Franchisee has satisfied all monetary obligations due and owing to Franchisor, any subsidiary of Franchisor and/or any affiliated corporations of Franchisor, and Franchisee has timely met these obligations throughout the term of this Agreement and any other agreement in effect between Franchisor and Franchisee, and any renewals thereof;
(F) Franchisee shall execute, upon renewal, Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and higher advertising contribution;
(G) Franchisee shall execute a general release, in a form prescribed by Franchisor, on any and all claims against Franchisor, any subsidiary of Franchisor and/or affiliated corporation of Franchisor, and their respective officers, directors, agents and employees;
(H) Franchisee shall comply with Franchisor's then-current reasonable qualification and training requirements; and
(I) Franchisee shall remit to Franchisor a renewal fee equal to the Initial Franchise Fee specified in Section 5.01.

Section 4.04. Within three (3) months of the receipt of a notice to renew from Franchisee pursuant to Section 4.3 hereof. Franchisor shall complete a renewal report specifying the modifications and improvements and repairs, if any, required by Franchisor and which Franchisee must make to Franchisee's Café which must be in conformity with the then existing standards, and specifications pertaining to Franchisee's Café.

Section 4.05. Franchisor expressly reserves the right to deny Franchisee's renewal in the event that Franchisee abandons Franchisee's Café and Franchisee ceases to operate and maintain Franchisee's Café in accordance with the terms of this Agreement.

Section 4.06. In the event Franchisee shall continue to operate Franchisee's Café following the expiration, termination or non-renewal of this Agreement for any reason, with the express or implied consent of Franchisor, such continuation shall be construed to be an extension of the term of this Agreement only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions of this Agreement.

ARTICLE V. INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR

Section 5.01. In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an Initial Franchise Fee of Thirty Five Thousand Dollars ($35,000.00) for a dessert only café, $40,000.00 for a dessert and snack café, and $45,000.00 for a dessert, snack, and food café (the "Initial Franchise Fee"). Three percent (3%) of the initial franchise fee is payable upon the execution of this Agreement, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is nonrefundable, except as may be set forth in this Agreement. The remaining franchise fee is due 7 days after the execution of the lease or purchase of the café premises. **No refunds are available of the initial fees under any circumstances.**

Section 5.02. In consideration of this franchise granted by this Agreement, the services to be provided by Franchisor, the right to prepare and sell the Products to the general public, and for the use of the Proprietary Marks during the Initial Term and any subsequent renewals. Franchisee shall pay to Franchisor, in addition to the Initial Franchise Fee, a royalty fee equal to three percent (3%) of the gross sales generated by, from, or through Franchisee's Café ("Royalty Fee").

Section 5.03. For the purposes of determining the royalties to be paid, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Café (including, without limitation, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Café), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register Franchise System and any cash shortage shall not be considered in the determination. Gross Sales shall not include the following:

(A) Receipts from the operation of any public telephone installed in the Café, or products from vending machines located at the Café, except for any amount representing Franchisee's share of such revenues;
(B) Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Café, and any other tax, excise or duty which is levied or assessed

against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Café, provided that such taxes are actually transmitted to the appropriate taxing authority;

(C) Returns to shippers or manufacturers; and

(D) Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Café nor having any material effect upon the ongoing operation of the Café required under this Agreement.

Section 5.03.1. Franchisor may, from time to time, authorize, in writing, certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. In addition to the foregoing, the following are included within the definition of "Gross Sales" described except as noted below;

(1) The full value of meals furnished to Franchisee's employees as an incident to their employment, except that the value of any discounts extended to such employees may be credited against Gross Sales during the reporting month in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due; and

(2) All proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gifts certificates or vouchers are redeemed the retail price thereof may be credited against Gross Sales during the reporting month in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due.

Section 5.04. Royalty Fees are due and payable on or before the 7th day of each month ("Payment Date"), relating to the prior calendar month. Franchisee shall remit Royalty Fees, Advertising Fees and any other monies owed to Franchisor under this Agreement via electronic funds transfer or other comparable means. Franchisee shall comply with the procedures established by Franchisor and/or to perform such acts and deliver and execute the Authorization to Honor Charges Drawn By and Payable To Sweet Project LLC including Checks and Electronic Transfers (Exhibit "H") and any other documents as may be necessary to assist in or accomplish such electronic method of payment. In the event any electronic funds transfer is not honored by Franchisee's bank for any reason, Franchisee shall be responsible for that payment, plus a service charge applied by Franchisor and the bank, if any. Franchisee shall, at all times throughout the term of this Agreement, maintain a minimum balance of Five Thousand Dollars ($5,000.00) in Franchisee's bank account against which such electronic funds transfers shall be drawn for the Café operated under this Agreement.

Section 5.05. Royalty Fees or any and all other payments provided for in this Agreement not received by Franchisor within three (3) days of the Payment Date shall be subject to a late charge equal to five percent (5%) of payment due, together with interest on a daily basis at a rate equal to two percent (2%) per month, or the then highest legal rate, whichever is less.

Section 5.06. Acceptance by Franchisor of the payment of any Royalty Fee or any and all other payments provided for in this Agreement shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights under Article XVIII below.

Section 5.07. Intentionally left blank.

Section 5.08. Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach under this Agreement and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the fees in escrow, or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

ARTICLE VI. TRAINING AND COMMENCEMENT OF BUSINESS

Section 6.01. During the time period prior to the opening of Franchisee's Café, but not less than two weeks prior thereto, Franchisee shall attend Franchisor's initial training program, which shall be conducted at Franchisor's headquarters in San Francisco, California or at another location designated by Franchisor, and complete the training program to Franchisor's satisfaction. Franchisee shall be responsible for all travel and living expenses which Franchisee and Franchisee's manager incur in connection with the initial training program. Further, the initial training program is for Franchisee's personnel up to four (4) people and Franchisee shall be charged an additional fee for the training of additional personnel based on the then-current training fee. During the training program, Franchisee shall receive instruction, training and education in the operation of the Café and indoctrination into the Franchise System. Such training program shall include, but not be limited to, instructing Franchisee in the preparation and sale of Franchisee's proprietary Menu Items, the Products and quality control techniques and procedures.

Section 6.02. Franchisee shall attend such periodic refresher and supplemental training programs or meetings at such locations as Franchisor may from time to time direct. All expenses of Franchisee incurred in connection with attendance at any such refresher or supplemental training programs or meetings shall be borne solely by Franchisee.

Section 6.03. At all times during the term of this Agreement or any renewal thereof. Franchisee shall have a supervisor managing the operation of the Café who has successfully completed Franchisor's training program and is able to operate the Café in accordance with this Agreement and Franchisor's standards. Franchisee shall be responsible for any additional training for replacement supervisors.

ARTICLE VII. OBLIGATIONS OF FRANCHISOR

Section 7.01. In order to assist Franchisee in constructing Franchisee's Café, Franchisor shall furnish to Franchisee a set of specifications for a typical Café, including requirements for exterior and interior design, layout, equipment and sign placement and decor scheme, all as included in the Franchise System.

Section 7.02. Franchisor shall assist Franchisee in Franchisee's selection of and contracting with appropriate architects, engineers, contractors, and subcontractors for construction of all leasehold improvements at Franchisee's Café in accordance with the plans and specifications prepared by Franchisee's architect.

Section 7.03. Franchisor shall make available to Franchisee any further assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of Franchisee's Café, which assistance shall conform to that furnished to other existing franchisees as further defined in the Confidential Operations Manual. Franchisor shall have the right to determine the time or times at which such assistance shall be available to Franchisee.

Section 7.04. Franchisor shall make available to Franchisee a grand opening advertising program and ongoing local marketing programs for Franchisee's use.

Section 7.05. Franchisor shall maintain an advisory relationship with Franchisee, including ongoing telephone consultation to aid in the proper and effective operation of the Franchise System, the frequency and duration of which shall be in the sole discretion of Franchisor in accordance with the Confidential Operations Manual. Such operating assistance may consist of advice and guidance with respect to:

(A) Methods and operating procedures utilized by Cafés;
(B) Additional food and beverage products and services authorized for sale by Cafés;
(C) Selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies; and
(D) The establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of Cafés.

Section 7.06. Franchisor or its designees or agents shall visit and inspect, from time to time. Franchisee's Café and evaluate the proper execution of the Franchise System, and confer with Franchisee and Franchisee's employees in order to assist in the proper business operation of Franchisee's Café. Franchisor or its designees or agents shall have the absolute right to make inspections at such times and frequencies, during normal business hours, as Franchisor may determine. Franchisee will cooperate with Franchisor's representative in such inspections, render such assistance to them as they may reasonably request and immediately correct any failure to comply with the Franchise System and this Agreement as brought to Franchisee's attention by such representative.

Section 7.07. Franchisor shall use its reasonable efforts to require maintenance of high and uniform standards in the execution of the Franchise System at all Cafés utilizing the Franchise System, in order to protect and enhance the reputation of Franchisor and its Proprietary Marks.

Section 7.08. In order to ensure that the distinguishing characteristics of the Franchise System are uniformly maintained. Franchisor may from time to time establish standards for certain proprietary food items, products, equipment, commodities and supplies to be used by Franchisee in the execution of the Franchise System and may, in conjunction therewith, develop new proprietary food items, products, programs and develop new equipment and new techniques which Franchisee shall be required to use and/or purchase in the operation of Franchisee's Café.

Section 7.9. Neither Franchisor's approval of a specific location for Franchisee's Café, nor any other service provided by Franchisor pursuant to this Article shall be deemed a representation, warranty or Judgment by Franchisor as to the likely success of Franchisee's Café at such location or as to the relative desirability of such location in comparison to others that might have been available to Franchisee.

ARTICLE VIII. OBLIGATIONS AND DUTIES OF FRANCHISEE

Section 8.01. Franchisee shall make any grand opening advertising expenditures as may be required by Franchisee’s landlord or by the terms of Franchisee’s lease or sublease.

Section 8.02. Franchisee or a designated and approved manager shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of Franchisee’s Café, except as otherwise approved in writing by Franchisor, including, but not limited to, keeping the Café operating and open for business at the times specified in the Confidential Operations Manuals or as required by Franchisee’s lease or sublease.

Section 8.03. At all times, Franchisee shall maintain, at Franchisee’s own expense the interior and exterior of Franchisee’s Café and all fixtures, furnishings, signs and equipment in the highest degree of cleanliness, orderliness, sanitation and repair, as determined by Franchisor. Franchisee shall make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Café without the prior written consent of Franchisor, except that Franchisee shall be required to periodically renovate, refurbish and update Franchisee’s Café so that it is in substantial conformity with Franchisor’s then-current Café design, which renovations shall not place an excessive economic burden on Franchisee. Such equipment shall include, but not be limited to, a computerized cash register Franchise System designated by Franchisor.

Section 8.04. From time to time. Franchisee will allow Franchisor to obtain and take samples of ingredients, products and supplies from Franchisee’s Café for testing by Franchisor in order to assure that Franchisee complies with Franchisor’s reasonable standards and specifications.

Section 8.05. Franchisee will maintain a high moral and ethical standard in the operation and conduct of Franchisee’s Café so as to create and maintain goodwill among the public for the name “Naya Dessert Café” and supervise and evaluate the performance of its staff to insure that each renders competent, efficient and quality service to the general public.

Section 8.06. Franchisee recognizes that it is essential to the proper marketing of the Café, and to the preservation and promotion of its reputation and acceptance by the public at large, that standards of quality be maintained. As part of the consideration for this Agreement, Franchisee will at all times sell to retail customers only, or offer for sale to retail customers only, only those products and services that meet the reasonable specifications and standards from time to time approved in writing by Franchisor, as permitted under this Agreement, and as permitted under the lease or sublease. In furtherance thereof, Franchisee shall be required to purchase only from Franchisor or its designee any Trade Secret Food Products and Proprietary Franchise System Assets, comprised of certain kitchen equipment and instruments which are proprietary in nature and unique to the Café, that are specified by Franchisor from time to time.

Section 8.07. In connection with the operation of Franchisee’s Café, Franchisee is required to purchase certain packaging supplies, paper goods and other product service items for the preparation and service of the Products which bear any of the Proprietary Marks (“Branded Products”). In addition to the Trade Secret Food Products, Franchisee shall be required to purchase from Franchisor, its designee or Franchisor-approved vendor any Branded Products at then-current prices established from time to time. Franchisee is also required to purchase certain types, models and brands of equipment, fixtures and furniture, which are not specified as a Proprietary Franchise System Asset, as provided in the Confidential Operations Manual (“Franchise System Items”) from Franchisor, its designee or Franchisor-approved vendor. In the event that Franchisee desires to purchase any Branded Products or Franchise System Items from

sources other than Franchisor, its designee or Franchisor-approved vendor. Franchisee shall so request in writing, specifying the item or product Franchisee desires to purchase from another source not already approved by Franchisor, including
samples, specifications and sufficient information on the source to enable Franchisor to determine whether the item or product meets with Franchisor's quality assurance requirements and specifications. Upon submission of the requested information to Franchisor, Franchisor shall conduct is evaluation, taking into consideration the product quality, delivery frequency and reliability, service standards as well as financial capability and credit of the identified supplier. Franchisor shall charge a reasonable fee to Franchisee for conducting this evaluation. Franchisor shall conduct its evaluation and advise Franchisee in writing of its decision within thirty (30) days from the date on which Franchisor received the requested information and materials sufficient to commence its evaluation. Franchisor and Franchisee acknowledge that Franchisor has no obligation to approve any request for a new supplier, product or item, but that Franchisor shall not unreasonably withhold its approval in this process.

Section 8.08. In connection with the operation of Franchisee's Café, Franchisee is required to purchase certain other food products, beverages and other similar products and other items offered for consumption to the retail purchaser as set forth in the Confidential Operations Manual. Franchisee's obligation under this Section 8.8 shall be satisfied so long as Franchisee purchases the stated products from sources of supply approved by Franchisor, subject to the same meeting the strict specifications of Franchisor which may be changed, modified or updated from time to time. Nothing in this Agreement shall be construed as an attempt to unreasonably limit the sources from which Franchisee may procure such food products, beverages, products and other similar items. Rather, Franchisor intends that such items conform to Franchisor's strict standards and strict specifications of consistent quality and uniformity. Nothing contained in this Agreement shall be deemed to require Franchisor to approve an inordinate number of suppliers of a given item which, in the reasonable judgment of Franchisor, would result in higher costs generally to Franchisee or prevent effective and economical supervision of suppliers by Franchisor. Requests for approval of additional suppliers of non-Trade Secret Food Products or non-Branded Products shall be in writing and shall contain such information as Franchisor may reasonably request. Franchisor shall charge a reasonable fee to Franchisee for considering requests for approval. Franchisor shall, within thirty (30) days, notify Franchisee whether or not such proposed supplier is approved. Franchisor may impose limits on the number of suppliers for any ingredient or food or beverage item used or served by the Café.

Section 8.09. Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from Franchisor or from suppliers approved by Franchisor, FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUEACTURER OR SUPPLIER OF SAME FOR ANY REMEDY OR LIABILITY IN THE EVENT OF ANY DEFECTS THEREIN.

Section 8.10. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, recipes, food preparation methods, or know-how concerning the methods of operation of the business franchised under this Agreement which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Café. Any and all information, knowledge and knowhow, and other data which Franchisor designates as confidential, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to Franchisee's attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

Section 8.11. Franchisee shall only sell or offer for sale such products as described in this Agreement, and Franchisee must obtain Franchisor's written approval for all contemplated menu changes and all additions to and/or deletions of items sold in Franchisee's Café.

Section 8.12. Franchisee shall comply with all the terms, conditions, requirements, covenants and agreements set forth in this Agreement, and any renewals thereof, and supply Franchisor with such information (in addition to that otherwise provided for in this Agreement) as may be reasonably requested by Franchisor.

Section 8.13. Franchisee shall use a standard menu and menu format as required by Franchisor. Franchisee may employ any reputable printer to reproduce Franchisee's menus using Franchisor's format and specifications. This provision shall not constitute a license of any copyright or trademark to the prospective printer of such menus. Any changes in the menu used at the Café shall be approved in writing by Franchisor prior to use. At Franchisor's discretion the standard menu format may contain advertising reference to other Cafés.

Section 8.14. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, federal income taxes, sales taxes, unemployment taxes and all indebtedness to Franchisor incurred by Franchisee in the conduct of the business licensed by this Agreement.

Section 8.15. Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registration.

Section 8.16. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, claim, suit or proceeding, and of the issuance of any order, writ, injunction, suit or proceeding, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Café.

Section 8.17. Franchisee shall not pledge Franchisor's credit or bind Franchisor to any obligation, nor shall it hold itself out as being authorized to do so.

Section 8.18. Franchisee shall require all personnel employed by Franchisee to wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accord with Franchisor's design and other specifications.

Section 8.19. Franchisor and Franchisee understand and agree that the operation of the Café, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental statutes and regulations. To this end. Franchisee owes an obligation to the patrons of Franchisee's Café, Franchisor, and to Franchisee, to fully and faithfully comply with all those applicable governing authorities. If any product dispensed at Franchisee's Café evidences adulteration from the standards of Franchisor's food items, or is in violation of applicable law or regulations, or in the event the food items, premises, equipment, personnel or operation of the Café fail to be maintained in accordance with the governmental requirements referred to above. Franchisee shall immediately notify Franchisor and provide all relevant information requested by Franchisor, close Franchisee's Café, terminate selling operations at the Café, destroy all contaminated or adulterated products and eliminate the source thereof, and remedy all unsanitary conditions present, reopening for business only after Franchisor's inspection and provided that laboratory analysis from samples obtained for that purpose by Franchisor evidence a compliance with the applicable governmental requirements and with the standards of Franchisor. If Franchisee or any of Franchisee's agents or employees fails or refuses to comply with all of the above remedial measures or in the event of any repetition of any adulteration or palming off or failure of sanitation in the Café:

(A) Franchisee shall pay the costs and expenses, including attorneys' fees, of both parties, incurred in enforcing the provisions of this Subsection or any provision of this Franchise Agreement in obtaining Franchisee's compliance with the Agreement. The remedies set forth in this paragraph are in addition to and not in substitution for those set forth in Article XXIII of this Franchise Agreement.

(B) In furtherance of the foregoing, Franchisee must submit copies of all health, sanitation or other regulatory agency inspection reports to Franchisor immediately upon receipt thereof.

Section 8.20. Franchisor may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee will cooperate by participating in Franchisor's market research programs, test marketing new food products and services in the Café, and providing Franchisor with timely reports and other relevant information regarding such market research. In connection with any such test marketing. Franchisee shall purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell such products.

Section 8.21. Franchisee shall be absolutely prohibited from having any vending machines, lottery games or games of chance, newspaper racks, juke boxes, gum or candy machines, games, pinball machines, pay telephones, video games, rides or other mechanical or electronic devices installed or operated at the Café.

Section 8.22. Following the Opening Date of the Franchised Café, if any inspection of the Franchised Café by Franchisor indicates any deficiency or unsatisfactory condition at the Franchised Café, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the deficiency or unsatisfactory condition. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the Franchised Restaurant within a period of thirty (30) days. Franchisee shall pay Franchisor, upon demand, the sum of $500 for each reinspection of the Franchised Café and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.

Section 8.23. Franchisee must, at its sole cost, purchase, use, maintain and update Franchisee's software, computer and other POS Franchise Systems that meet Franchisor's specifications and requirements. There are no contractual limitations on the frequency and cost of upgrades and updates to the Franchise Systems or programs. Franchisee must comply with Franchisor's then-current terms of use policies and any other requirements regarding any inter/intranet sites

Franchisor establishes for Naya Dessert Cafés. Franchisee shall maintain its POS Franchise System in good working order at all times, share the login information with Franchisor, and upgrade or update the Franchise System during the term of the Franchise Agreement, as Franchisor may require. The POS Franchise System shall allow Franchisor to communicate with Franchisee, and poll and review the results of the Franchised Business' operations, including without limitation, sales data, consumer trends, food and labor costs, and other financial information. Franchisor may distribute the collected data on a confidential basis to its network of franchisees. Franchisor reserves the right to replace its designated supplier(s) for the POS Franchise System as it deems necessary at its discretion.

Section 8.24. Franchisor may introduce to the Naya Dessert Café Franchise System additional computer software and hardware (including POS and additional back office Franchise Systems) which Franchisee must purchase, use, maintain and update at Franchisee's expense, as specifications and requirements may be modified over time. In some cases, these components may only be available through Franchisor or its approved vendors. Franchisee will be responsible for paying all supplier and/or licensor (which may include Franchisor) charges for use, maintenance, support and/or updates to any future required Franchise Systems. Franchisor does not have a contractual obligation under this Franchise Agreement to provide any maintenance, repairs, upgrades, or updates on any software or hardware. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the Franchise Systems or programs. Franchisor does not warrant or have any responsibility for the software or hardware Franchisee must obtain. Any warranty Franchisee may have on equipment or software will be limited to that provided by the applicable manufacturer or licensor.

Section 8.25. Subject to applicable law, following the Opening Date of the Franchised Restaurant, Franchisor shall have the right to establish pricing guidelines for the Menu Items and, subject to applicable law. Franchisee shall comply with and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Subject to applicable law. Franchisee shall honor the terms of all promotional or discount programs that Franchisor may offer to the public for Naya Dessert Cafés and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum pricing policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide products and services designated by Franchisor on terms Franchisor specifies, including free-of charge. In addition. Franchisee shall conduct friends and family, soft-opening and other events and promotions at the Franchised Café as required and directed by Franchisor and shall provide products and services designated by Franchisor to the public in the manner and at the prices Franchisor specifies, including free-of-charge. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the Franchised Café except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

Section 8.26. If Franchisee is an individual, he or she must devote full time and attention to supervising all administrative and operational activities of the Franchised Café at the Franchised Location. If a legal entity owns the franchise rights, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, must devote full time and attention to franchise activities, unless otherwise agreed in writing. Franchisee must respond to Franchisor's communications and requests for information within time frames Franchisor requests. Franchisee must staff its Naya

Dessert Café with at least one (1) "Approved Manager." An “Approved Manager is a full-time employee with management responsibilities who has successfully completed the manager training segment of the initial training program and any mandatory supplemental management classes.

Section 8.27. Franchisee shall maintain a competent, conscientious, and trained staff and shall take all steps necessary to ensure that its employees preserve good customer relations, render competent, prompt courteous, and knowledgeable service, and meet the minimum standards that Franchisor may establish from time to time in the Manual or otherwise. All employees hired by or working for Franchisee s hall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be the employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any governmental authority. Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers' compensation insurance payments with respect to their respective employees and operations. Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee s employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify Franchisee's supervisorial or managerial personnel for qualification to perform certain functions at the Franchised Café does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee’s personnel. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions relating to the Franchised Café, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law. Franchisee shall immediately defend, reimburse and hold Franchisor harmless from any direct or indirect losses, costs and expenses, including attorneys' fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions at the Franchised Café, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees Franchisee shall cause all employees, while working in the Franchised Café, to wear uniforms of the color, design and other specifications that Franchisor may designate from time to time and to present a neat and clean appearance.

ARTICLE IX. ADVERTISING AND PROMOTIONAL ACTIVITIES

Section 9.01. Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the Franchise System and the Proprietary Marks, Franchisee will contribute to a Franchise System-wide advertising and promotional fund (the “Fund”) on a monthly basis during the term of this Agreement an amount Franchisor determines that will not exceed one percent (1%) of Franchisee’s Gross Sales.

Section 9.02. The Fund will be maintained and administered as follows:

Section 9.2.1. Franchisee will contribute to the Fund monthly by electronic transfer (as specified in the Confidential Operations Manual) based on Franchisee's Gross Sales for each preceding month. During any period of business interruption. Franchisee will continue to make monthly contributions based on Franchisee's average monthly payment during the two (2) month period immediately preceding the period of business interruption.

Section 9.2.2. Any Franchisor-owned Naya Dessert Cafés will make contributions to the Fund on a basis at least equal to that described in Section 9.1.

Section 9.2.3. Franchisor will direct all advertising and promotional programs, with the sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an on-line presence. Franchisee agrees that the Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the Franchise System, and that Franchisor and its designees undertake no obligation in administering the Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or pro rata from the placement of advertising. Further, Franchisee agrees that the Fund does not constitute a trust, and that Franchisor is not a fiduciary with respect to such amounts received in the Fund. Franchisor is not obligated to expend funds for the marketing and advertising programs in excess of the Marketing Fee received from all franchisees.

Section 9.2.4. Franchisee agrees that the Fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; providing a toll-free number for prospective customers to call for referral purposes; and providing promotional brochures and other marketing materials to franchisees in the Franchise System). All sums contributed to the Fund will be maintained in a separate account from Franchisor's general funds and will not be used to defray Franchisor's general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the Fund, including but not limited to, the cost of providing accounting, collection, bookkeeping, reporting and legal services, and salary costs of employees working for the Fund.

Section 9.2.5. If Franchisor spends less than the total of all contributions to the Fund during any fiscal year, it has the right to retain those contributions for use in subsequent years. If Franchisor spends more than the contributions accumulated in the Fund during any fiscal year, it will have the right to receive from the Fund reimbursement or credit during the same or subsequent years to the extent of the excess expenditure.

Section 9.2.6. An unaudited summary report on the operation of the Fund will be prepared annually and will be made available to Franchisee on request ninety (90) to one hundred twenty (120) days after fiscal year end. Franchisor is not required to have the Fund statements audited. Franchisor will have the right to cause the Fund to be incorporated or operated through an entity separate from Franchisor at such time as it deems appropriate, and such successor entity will have all Franchisor's rights and duties.

Section 9.2.7. Although the Fund is intended to be of perpetual duration. Franchisor retains the right to terminate the Fund. The Fund will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributors on a pro rated basis.

Section 9.2.8. Franchisee authorizes Franchisor to collect, for remission to the Fund, any advertising or promotional monies or credits offered by any supplier based upon Franchisee's purchases. Any advertising or promotional monies or credits Franchisor collects from any supplier based upon Franchisee's purchases will not be credited toward Franchisee's required contribution to the Fund.

Section 9.2.9. Franchisor may establish an advertising council of franchisees. If established, the council will advise Franchisor on advertising policies, and Franchisees will elect the members of the council. The council will be advisory and have no operational or decision-making power. The council will operate under its own by-laws, but Franchisor will have the right to change or dissolve the council.

Section 9.03. Franchisee must obtain and maintain a bold listing in the white pages directory (or equivalent) servicing Franchisee's area under the name "Naya Dessert Café" or any other name designated by Franchisor. If other Naya Dessert Cafés are located nearby. Franchisee must participate in any local advertising cooperative that Franchisor establishes or causes to be formed, if Franchisor requires Franchisee's participation. Such participation may involve, for example, paying a pro rata share of the cost of yellow pages advertising (or equivalent) placed on behalf of Franchisee and other Naya Dessert Cafés. If no other Naya Dessert Cafés are located nearby. Franchisee must maintain a display advertisement, in a form Franchisor specifies, in the local yellow pages directory (or equivalent). The cost of Franchisee's white pages and yellow pages advertising (or equivalent) will be borne by Franchisee. Franchisee may not solicit business through the use of an 800 (or other toll-free) number, direct mail or other advertising method without Franchisor's prior written consent.

Section 9.04. Franchisee must submit to Franchisor, for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials Franchisor provided. All materials containing the Proprietary Marks must include the designation trademark registered trademark ®, service mark copyright ©, or any other designation Franchisor specifies. If Franchisee does not receive written or oral disapproval of any materials submitted within fifteen (15) business days from the date Franchisor receives the materials, the materials are deemed approved. Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. Franchisor must make this requirement in writing, and Franchisee will have five (5) days after receipt of Franchisor's notice to withdraw and/or discontinue use of the materials or advertising. Franchisee must include in any significant display advertisements, and in marketing materials for the Café, in conformance with standards in the Confidential Operations Manual, a notice that the Café is individually owned and operated. Subject to any legal restrictions. Franchisee also must display or make available, in the reception area of the Café, marketing materials intended for general customers that Franchisor may provide to Franchisee from time to time. Franchisor reserves the right to require Franchisee to include certain language in Franchisee's local advertising, such as "Franchises Available" and Franchisor's website address and telephone number.

Section 9.05. Franchisee acknowledges and agrees that Franchisor will own all rights to and interest in each telephone number and telephone directory listing used by Franchisee that is associated in any manner with Franchisee's Café and/or with any Mark ("Telephone Listing"). Franchisee acknowledges and agrees that all goodwill arising from or in connection with the use of each Telephone Listing will inure to Franchisor's benefit. Promptly after the expiration, termination, or repurchase of the franchise, and at Franchisee's own expense. Franchisee will notify all telephone companies with whom Franchisee has any Telephone Listing and direct them to transfer the Telephone Listing to Franchisor or to any person(s) Franchisor designates, and Franchisee will execute any and all documents necessary to complete these transfer(s). Upon the execution of this Agreement, Franchisee will sign a telephone transfer consent and authorization, in a form substantially similar to Exhibit G, granting Franchisor the authority to change, transfer or terminate Franchisee's Telephone Listing(s) on Franchisee's behalf. Franchisor will use this authorization only if Franchisee does not comply fully with this Section 9.05 after the expiration, termination, repurchase or transfer of the franchise.

Section 9.06. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, email address, Website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Proprietary Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Franchisee shall not separately register any domain name or any portion of any domain name containing the Proprietary Marks or participate or market on any Website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms, video Websites, email marketing sites or other forms of electronic media not yet developed) using the Proprietary Marks without Franchisor's prior written consent. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may at any time after Franchisee commences use of any approved electronic media, prohibit further u.se, effective upon receipt of written notice by Franchisee. Franchisee shall provide free WiFi service at the Franchised Café for use by Franchisee's customers in compliance with Franchisor's requirements for bandwidth included in the Manual or otherwise. All emails collected will be Franchisor's property, with no restrictions on Franchisor s use or distribution of email addresses.

Section 9.07. Franchisor shall establish and maintain from time to time, one or more Internet Websites that shall be used to provide information about Naya Dessert Cafés to the public. Franchisor has sole discretion and control over the establishment, design and content of the Website. Franchisor may, in its discretion, configure the site to accommodate one or more interior pages which Franchisor shall dedicate, in whole or in part, to the Franchised Café, all at Franchisee's expense. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of the Website, (ii) make operational changes to the Website, (iii) change or modify the URL and/or domain name of the Website, (iv) substitute, modify, or rearrange the Website, at Franchisor s sole option, including in any manner that Franchisor considers necessary or desirable to comply with applicable laws, or respond to changes in market conditions or technology and respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to the Website, and (vi) disable or terminate the Website without any liability to Franchisee.

Section 9.08. Franchisee is not permitted to promote its Franchised Café or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, Linkedin or Twitter, without Franchisor's prior written consent. Franchisor will control all social media initiatives. Franchisee must comply with Franchisor's Franchise System standards regarding the use of social media in Franchisee's Franchised Business's operation, including prohibitions on Franchisee's and the Franchised Café's employees posting or blogging comments about the Franchised Café or the Franchise System, other than on a website established or authorized by us. "Social media" includes personal blogs, common social networks like

Facebook, Instagram, Foursquare and MySpace, professional networks like Linkedin, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools. Franchisor will provide access to branded social media pages/handles/assets, and Franchisee must update these regularly. Franchisor reserve the right to conduct collective/national campaigns via local social media on Franchisee's behalf. Franchisor alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website Franchisor establishes and maintains, including any and all material Franchisee may furnish to Franchisor.

ARTICLE X. REPORTS TO FRANCHISOR

Section 10.01. Franchisee shall keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and in accordance with the Franchise System, and Franchisee shall submit to Franchisor;

(A) Concurrently with the payment of the Royalty Fees, on a form supplied or approved by Franchisor, a signed and verified statement of Gross Sales in cash, credit and/or other charges, and when Franchisee is tied into the computerized cash register Franchise System such reports shall be transmitted electronically;

(B) Within sixty (60) days after the close of each twelve (12) month period, an annual profit and loss statement for the Café for such year and a balance sheet for the Café as of the end of such year, reviewed by an independent certified public accountant. Franchisor may randomly select a franchisee or franchisees who will be required to have an audited financial statement prepared by a certified public accountant selected by the franchisee, but who shall be acceptable to Franchisor, which opinion may be qualified only to the extent reasonably acceptable to Franchisor;

(C) Promptly when prepared, a copy of all of Franchisee's Federal, State and Local tax returns of any kind or nature; and a certificate from Franchisee's accountant that all Social Security payments, taxes and fees required to be paid by Franchisee have been paid, and that there is no reason to believe that Franchisee's corporate status, if Franchisee is a corporation, has been impaired; and Franchisor.

(D) Such other periodic forms and reports as may be reasonably prescribed by

Section 10.02. Franchisee shall preserve, for a period of not less than three (3) years, all accounting records and supporting documents relating to Franchisee's business under this Agreement.

Section 10.03. Franchisee shall record, in a manner approved and designated by Franchisor at the time of receipt, all sales of all products sold by Franchisee from Franchisee's Café in a computerized cash register of a type designated by Franchisor, or on any other machine or recording device recommended or approved in advance by Franchisor.

Section 10.04. In order to determine whether Franchisee is complying with this Agreement, Franchisor or its designated agents shall have the right, at any time during reasonable business hours, to examine, at its expense, the books, records, cash control devices, income tax returns, bank statements, sales records of the Café, and the books and records of any corporation or partnership which owns the franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection or audit should reveal that Gross Sales and/or payments have been understated in any report to Franchisor by more than two percent (2%), then Franchisee shall, upon fifteen (15) days' notice, pay to Franchisor the amount understated upon demand, and in addition reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including without limitation, reasonable accounting and attorneys' fees, travel expenses, room and board and compensation of employees or agents of Franchisor). The foregoing remedies shall be in addition to any other remedies Franchisor may have hereunder or under applicable law.

ARTICLE XI. CONFIDENTIAL OPERATIONS MANUAL

Section 11.01. Franchisor shall lend to Franchisee a confidential operations manual published by Franchisor (the "Confidential Operations Manual") which shall include, in part, the business procedures, supplier lists, recipes, technical advice and rules and regulations for operating the business.

Section 11.02. Franchisee acknowledges and agrees that;

(A) The Confidential Operations Manual is, and shall remain, the property of Franchisor throughout the term of this Agreement, any renewal hereof and thereafter;

(B) The Confidential Operations Manual contains confidential information which Franchisee will protect as a trade secret, and its loss will cause substantial damage to Franchisor and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

(C) Franchisee shall not reprint or reproduce any portion of the Confidential Operations Manual for any reason; and

(D) Upon termination of this Agreement for any reason. Franchisee will immediately return the Confidential Operations Manual to Franchisor.

Section 11.03. Franchisor may reasonably add to or otherwise modify the Confidential Operations Manual, from time to time, whenever it considers such additions or modifications desirable to improve or maintain the standards of the Franchise System and its efficient operation, or to protect or maintain the goodwill associated with the "Naya Dessert Café" name and Proprietary Marks or to meet competition, provided such additions or modifications are Franchise System-wide in nature and do not substantially increase Franchisee's economic burden.

ARTICLE XII. INSURANCE

Section 12.01. Franchisee, at its sole cost and expense, shall obtain keep in full force and effect during the terms of this Agreement, insurance coverage on an "occurrence basis" naming Franchisor, its members and managers and any supplier of Products, and any designated primary and secondary lessor as co-insured's (such insurance policies referred to below collectively as "Insurance") as follows:

(A) Broad Form Comprehensive General Liability with limits of no less than Two Million Dollars ($2,000,000) in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of Two Million Dollars ($2,000,000); both of which shall be considered primary policies;

(B) All risk coverage on all personal property covering Franchisee's Café and premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment and business interruption in amounts not less than is sufficient to meet the co-insurance requirements of Franchisee's policies, and which business interruption insurance covers at least six (6) months of rent, royalties and advertising fees, and contain a replacement value endorsement in an amount not less than ninety percent (90%) of the replacement value thereof, and any loss shall be payable to Franchisor and Franchisee as their interests may appear;

(C) Worker's Compensation and Disability Insurance as may be required by law; and

(D) Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises are located.

Section 12.02. The insurance shall cover the acts or omissions of each and every one of the persons who perform services of any nature at Franchisee's Café, and shall protect against all acts of any persons who patronize the Café and shall contain a waiver of subrogation against Franchisor.

Section 12.03. Prior to the opening of Franchisee's Café, Franchisee will deliver to Franchisor certificates of the Insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are noncancelable as to Franchisor unless Franchisor receives at least thirty (30) days' prior written notice of cancellation. Franchisor shall have the right, but shall not be obligated, to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in the case of cancellation. Any cost thereof to Franchisor shall be added to the Royalty Fees otherwise payable to Franchisor under this Agreement, provided, however, that same shall be due and payable to Franchisor by Franchisee within five (5) days of demand therefor.

Section 12.04. Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in Franchisee's Café, provided such Insurance is reasonably common in the area for similar operations.

Section 12.05. Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies Franchisee's insurance carrier.

ARTICLE XIII. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

Section 13.01. The relationship between Franchisor and Franchisee is strictly that of a franchisor and franchisee, and Franchisee shall be deemed to be an independent contractor. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee, joint venture, partnership, or agency, and any act or omission of either party shall not bind or obligate the other except as expressly set forth in this Agreement.

Section 13.02. Franchisee recognizes that Franchisor has entered into this Agreement in reliance upon and in recognition of the fact that Franchisee will have full responsibility for the management and operation of the business, and that the amount of profit or loss resulting from the operation of the business will be directly and solely attributable to the performance of Franchisee.

Section 13.03. Except as expressly granted in this Agreement, Franchisee recognizes that nothing contained in this Agreement shall be construed as giving to Franchisee or to any other person or entity, any right or interest in Franchisor's names, Proprietary Marks, trade secrets, methods, procedures or techniques developed by Franchisor and used in the Franchise System. Further, except as specifically set forth in Article I above, nothing contained in this Agreement shall be construed as limiting Franchisor's right, title or interest in the "Naya Dessert Café" name, Proprietary Marks, trade secrets, methods, procedures and techniques which are a part of the Franchise System or Franchisor's sole and exclusive right to register trade secrets, methods, procedures and techniques.

Section 13.04. In all public records and prominently displayed in Franchisee's Café and in Franchisee's relationship with third parties, as well as on letterheads and business forms, Franchisee shall indicate clearly the independent ownership of Franchisee's Café, and that the operations of same are separate and distinct from the operation of Franchisor's business. Franchisor shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

Section 13.05. Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Café or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

Section 13.06. Franchisee shall indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Café, which is due to Franchisee's negligence, breach of contract or other civil wrongs, unless such loss, liability or damage is solely due to the negligence of Franchisor (or any of its affiliates, i.e., any company controlling, controlled by, or under common control with Franchisor) in producing, handling or storing the proprietary food items sold to Franchisee (provided Franchisor shall have established that Franchisee inspected such proprietary food items in accordance with the procedures set forth in the Confidential Operations Manual and could not have reasonably discovered the adulteration or other defect in such proprietary food items which was the case of such loss, liability or damage). Franchisee acknowledges and agrees that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of Franchisor in connection with handling or storing the Products shall not be attributable to or constitute negligence of Franchisor.

ARTICLE XIV. COVENANTS NOT TO COMPETE

Section 14.01. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, that Franchisee s knowledge of the Naya Dessert Café Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Café under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, Naya Dessert Café Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Naya Dessert Café Franchise System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

Section 14.02. During the term of this Agreement, or any extension thereof. Franchisee and each Owner covenants that except as otherwise approved in writing by Franchisor, Franchisee and each Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity (i) divert or attempt to divert any present or prospective Naya Dessert Café customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Naya Dessert Café Proprietary Marks and the Franchise System, (ii) employ or seek to employ any person who is or has been within the preceding ninety (90) days employed by Franchisor or an affiliate of Franchisor as a supervisorial or managerial employee, or otherwise directly or indirectly induce the person to leave his or her employment, or (ii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 14.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee. “Entity” shall mean any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. “Owner” as used herein shall mean each of the individuals listed on Exhibit I and each direct or indirect shareholder, member, general or limited partner, trustee or other equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner’s spouse shall jointly and severally guarantee Franchisee’s payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit B. “Competitive Business” shall mean any dessert store or cafe business that prepares, offers and sells shaved ice and toasts as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or decor to the Franchised Café.

Section 14.03. Except as Franchisor otherwise approves in writing, commencing upon the date of (i) an assignment, transfer or sale permitted under Article XX, (ii) the expiration of this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 14.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Owner shall not:

(A) Engage, employ or compensate or seek to employ any person who is at that time engaged, operating or employed by or at any other Cafés, or to otherwise directly or indirectly induce such person to leave employment at any Café;

(B) Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any Competitive Business, or which distributes, produces, produces or sells the Products within the “Minimum Area of Competition.” The “Minimum Area of Competition” shall be deemed to be that area which is within a radius of ten (10) miles from Franchisee’s Café, or any other Café in operation on the effective date of termination or expiration, whether franchised or company-owned.

Section 14.03. If Franchisee fails or refuses to comply with any covenants of this Article, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such noncompliance, or make the provisions unenforceable in whole or in part, and provided that the jurisdiction in which Franchisee’s Café is located permits, Franchisee separately covenants and agrees that while this Agreement is in effect and for two (2) years after its termination, except where termination occurs due to the fault or action of Franchisor and not due to default of Franchisee, Franchisor shall have the right to require that all sales made in the operation of any business which directly or indirectly competes with; (a) Franchisor; (b) a dessert store/cafe; or (c) the Franchise System, or which distributes, produces or sells any of the Products (i) anywhere, if this Agreement is then in effect, or (ii) within the Minimum Area of Competition, if this Agreement has been terminated, shall be reported to Franchisor. Franchisee agrees to pay Franchisor upon demand, the weekly fee of One Thousand Dollars ($1,000) at the times and in the manner specified in Article V above, all without being deemed to revive, modify or expand this Agreement. The covenants of this Article shall survive the termination or expiration of this Agreement.

Section 14.04. Franchisee shall not, during the term of this Agreement or after its termination or nonrenewal, communicate or divulge to any other person, persons, partnership or corporation, any information or knowledge concerning the methods of operation used in a shaved ice franchise, nor shall Franchisee disclose or divulge, in whole or in part, any trade secrets of Franchisor or its affiliated companies or subsidiaries.

Section 14.05. The covenants contained in Sections 14.2, 14.3 and 14.4 above shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party. Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article.

Section 14.06. Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this paragraph, the damage to Franchisor would be difficult to ascertain. In addition to the liquidated damages payable to Franchisor as provided below for the breach of any or all of the above covenants, Franchisor shall be entitled to .seek injunctive and/or other equitable relief against the violation of any of those covenants, together with reasonable attorneys' fees and costs.

Section 14.07. Covenants contained in this Article shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained in this Agreement and shall not affect any other provisions or terms of this Agreement.

Section 14.08. Covenants contained in 14.02 and 14.03 shall not apply to ownership by Franchisee or an Owner of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchanges Act of 1934. 14.9 Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article XIV (including covenants applicable upon the termination of a person's relationship with Franchisee) from all Owners. Every covenant required by this Section 14.9 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

ARTICLE XV. MODIFICATIONS OF THE FRANCHISE SYSTEM

Franchisee understands and agrees that the Franchise System must not remain static if it is to meet, without
limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other market place variables and the needs of customers, and to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the Franchise System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that Franchise System; abandoning the Franchise System altogether in favor of another Franchise System in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those programs and services which Franchisee's Café is authorized to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving or modifying the Proprietary Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations, provided, however, that those changes do not materially and unreasonably increase Franchisee's obligations under this Agreement. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the Franchise System as if they were part of the Franchise System at the time that this Agreement was executed. Except as provided in this Agreement, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE XVI. FRANCHISEE

The term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law, and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include partners of the entity that execute this Agreement in the event the entity is a partnership, and all shareholders, officers and directors of the entity that execute this Agreement in the event the entity is a corporation. By their signatures to this Agreement, all partners, shareholders, officers and directors of the entity that signs this Agreement as Franchisee acknowledge and accept, jointly and severally, the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the neuter and masculine usages include the other and the feminine.

ARTICLE XVII. TERMINATION

Section 17.01. Franchisor may terminate this Agreement upon the occurrence of any of the following events of default:

(A) Failure by Franchisee to make complete and timely payment of any and all fees and billings due Franchisor or any of its subsidiary or affiliated corporations;
(B) Failure to comply with the reporting or record keeping requirements of this Agreement, and/or the under-reporting of Gross Sales by two percent (2%) or more;
(C) The misstatement by Franchisee of any material fact, or failure to disclose or the understatement of any material fact in any report furnished to Franchisor pursuant to this Agreement or the Confidential Operations Manual, whether or not such misstatement or failure to disclose or understatement is intentional;
(D) A breach by Franchisee of any provision of this Agreement, any material provision of the Confidential Operations Manual, or any other agreement between Franchisor and Franchisee or any of its subsidiary or affiliated corporations;
(E) Failure by Franchisee to make good faith efforts to carry out the provisions of this Agreement;
(F) Franchisee's engaging in any conduct or practice that, in the reasonable opinion of Franchisor, is detrimental or harmful to the good name, goodwill or reputation of Franchisor or its products or other franchisees or the public;
(G) Franchisee's engaging in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;
(H) Any pledge or attempted pledge of Franchisor's credit by Franchisee, or an attempt by Franchisee to bind Franchisor to any obligation;
(I) Failure by Franchisee to participate in the advertising, promotional, or marketing activities, services, and programs that are established by Franchisor or Franchisor's Advertising Fund;
(J) Unauthorized or improper use by Franchisee of Franchisor's Proprietary Marks;
(K) Misuse or unauthorized disclosure by Franchisee of the Confidential Operations Manual, information or materials;
(L) Failure to use or sell any of the proprietary food items to the exclusion of those of any competitors and the failure to perform all of the services required by Franchisor, including but not limited to the forwarding of copies of all health or sanitation or other regulatory agency reports to Franchisor immediately upon receipt thereof;
(M) Failure to open Franchisee's Café at the location designated by Franchisee within the time specified in the lease or sublease;
(N) Except as otherwise provided herein, failure by Franchisee to purchase Franchisee's entire requirement of any of the proprietary food items either from Franchisor or from sources of supply designated by Franchisor and to sell the same to the consuming public using Franchisee's best efforts;
(O) Failure to correct any local, state or municipal healthy or sanitation law or code violation within twenty-four (24) hours after being cited for such violation; or
(P) Sale of any proprietary food items to other than the retail customer (ultimate consumer), without Franchisor's prior consent.
(Q) Failure by Franchisee to acquire a Franchise Location by purchase, lease, or sublease, acceptable to the Franchisor and pursuant to the terms of this Agreement within 6 months of the execution date of this Agreement.

Section 17.02. To terminate Franchisee for default of this Agreement pursuant to Section 17.1 above. Franchisor shall first provide Franchisee with written notice of termination, which notice shall specify the reason for and the Effective Date of Termination. This Agreement shall terminate on the date specified in the notice, which shall not be less than thirty (30) days from the date of the notice (or such longer period as provided by State law), unless:

(A) Franchisee cures the default or reason for termination during the notice period;
(B) Franchisee has in good faith initiated a cure of the default or reason for termination within the notice period, and such default or reason cannot be completely cured during the notice period because of factors reasonably beyond the exclusive control of Franchisee, in which event Franchisor, by notice, shall permit Franchisee a reasonable opportunity, in light of such factors, to effect a complete cure; or
(C) The provisions of Subsection 17.2 A and B notwithstanding, this Agreement shall nonetheless terminate if: (i) the default or reason for termination has been set forth in two (2) prior notices of termination within any prior twelve (12) month period; or (ii) two (2) or more health code violations have been committed within any prior twelve (12) month period; or (iii) Franchisee is terminated as a result of under-reporting Gross Sales by two percent (2%) or more.

Section 17.03. Upon written notice to Franchisee, Franchisor may, without right to cure, immediately terminate this Agreement if any of the following events of default occur:

(A) Any action by Franchisee, any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors or stockholders, if Franchisee is a corporation, which results in:
   a. An affirmative act of insolvency;
   b. An assignment for the benefit of creditors; or
   c. The filing of a petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors, except with respect to any relief permitted under the Federal Bankruptcy Code.
(B) The filing of any involuntary petition under any bankruptcy statute against Franchisee, any of its partners, or any of its stockholders owning at least twenty-five (25%) percent of any class of stock, or the appointment of any receiver or trustee to take possession of property of Franchisee, any of its partners, or any of its stockholders owning at least twenty-five (25%) percent of any class of stock of Franchisee;
(C) Failure by Franchisee to satisfy fully a civil judgment obtained against Franchisee for a period of more than thirty (30) days after all rights of appeal have been exhausted, or execution of such a judgment, execution of a lien, or foreclosure by a secured party or mortgage against Franchisee's property, which judgment, execution of a lien, or foreclosure by a secured party or mortgage would have an adverse or detrimental effect upon Franchisee's franchised operation;
(D) Conviction of Franchisee, or any partner of Franchisee, or any officer, director, or stockholder owning at least twenty-five (25%) percent of any class of stock of Franchisee, or the manager of Franchisee's franchise, of any crime which in the opinion of Franchisor would adversely affect the goodwill or interest of Franchisee or Franchisee's Café;
(E) The uncured default by Franchisee under any lease or sublease of Franchisee's Café which could possibly result in the loss by Franchisee of the right to possess for any reason whatsoever;
(F) A final judgment or the unappealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of Franchisee's business or is required under applicable law;
(G) The direct or indirect assignment, transfer, sale or encumbrance by Franchisee of this Agreement or franchise or any of Franchisee's rights or privileges contrary to this Agreement, or any attempt by Franchisee to sell, assign, transfer or encumber the Café contrary to the terms of this Agreement;

(H) Failure by Franchisee to remain open for business as required by this Agreement or as may be required by the Confidential Operating Manual, as may be limited by local law or the prime landlord, or the abandonment or vacating by Franchisee of Franchisee's Café or for three (3) or more consecutive days (or for such other period as would be grounds for termination of Franchisee's sublease);

(I) Dissolution, judicial or otherwise, or liquidation of Franchisee, if Franchisee is a corporation or partnership.

ARTICLE XVIII. RIGHTS AND DUTIES OF THE PARTIES UPON EXPIRATION OR TERMINATION

Section 18.01. For the purpose of this Agreement, the "Effective Date of Termination" shall be the date indicated in any notice of termination sent pursuant to Section 17.2 or 17.3 of this Agreement or the day after the Initial Term, as set forth in Section 4.1 of this Agreement.

Section 18.02. Upon the Effective Date of Termination, Franchisee shall no longer be an authorized franchisee, and Franchisee shall pay all sums of money due Franchisor or any of its subsidiary or affiliated corporations within fifteen (15) days of the Effective Date of Termination, unless Franchisor gives written notice of an extension of this period.

Section 18.03. Upon the Effective Date of Termination, Franchisee shall discontinue the use of all Proprietary Marks owned by or associated with Franchisor and all similar names and Proprietary Marks, or any other designation or mark associating Franchisee with the Franchise System. If Franchisee is a corporation or partnership and, notwithstanding the prohibition of utilizing the "Naya Dessert Café" name in its corporate or partnership name, has used the "Naya Dessert Café" name or any names, Proprietary Marks or designations that associate Franchisee with Franchisor in its corporate or partnership name. Franchisee shall, within fifteen (15) days of the Effective Date of Termination, take all necessary steps to eliminate "Naya Dessert Café" from its corporate or partnership name, at Franchisee's own cost and expense.

Section 18.04. Upon the Effective Date of Termination, Franchisee shall cease displaying and using all signs, stationery, letterheads, forms, manuals, printed matter, advertising, and other material containing the Proprietary Marks, "Naya Dessert Café" or any other names, Proprietary Marks, or designations that associate Franchisee with the Franchise System.

Section 18.05. After the Effective Date of Termination, Franchisee shall not take any action indicating or implying that Franchisee is an authorized franchisee.

Section 18.06. Franchisee shall maintain all financial records and reports required pursuant to this Agreement or the Confidential Operations Manual for a period of not less than three (3) years after the Effective Date of Termination. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records at any time in the three (3) year period following the Effective Date of Termination.

Section 18.07. Upon the Effective Date of Termination, Franchisee shall, pursuant to the lease or sublease or conditional lease assignment and upon demand of Franchisor, vacate and surrender the Café premises in accordance with the terms and conditions under the terms of the lease, sublease and/or conditional lease assignment.

Section 18.08. Upon the Effective Date of Termination, Franchisee shall cease all use of telephone numbers used by Franchisee while conducting business as a "Naya Dessert Café" franchise and shall promptly execute such documents or take such steps necessary to remove Franchisee's listing as a "Naya Dessert Café" franchise from the "Yellow Pages", all other telephone directories, and all other trade or other business directories.

Section 18.09. Within fifteen (15) days from the Effective Date of Termination of this Agreement, Franchisee shall immediately turn over to Franchisor all manuals, including the Confidential Operations Manual, records, files, instructions, recipes, menus, correspondence, any and all materials relating to the operation of the Franchised Business in Franchisee's possession, and all copies of such written materials (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except only Franchisee's copy of this Agreement, and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law and the records described in Section 18.06 above.

Section 18.10. If Franchisor notifies Franchisee of its intent to do so within ten (10) days after the Effective Date of Termination, Franchisor shall have the right (but not the duty) to purchase any or all of the signs, advertising material, supplies, equipment and any items bearing Franchisor's Proprietary Marks at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, each party shall designate an independent qualified appraiser, and their joint determination shall be binding on both parties. If these appraisers are unable to agree upon a fair market value, they will designate a third, approved appraiser whose determination shall be binding upon both parties. If Franchisor elects to exercise its option to purchase, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

Section 18.11. No right or remedy conferred upon or reserved to Franchisor in this Agreement is exclusive of any other right or remedy contained in this Agreement, or provided or permitted by law or equity, but each shall be cumulative of every other right or remedy.

Section 18.12. Nothing contained in this Agreement shall be deemed to relieve Franchisee of any obligations or responsibilities or liabilities incurred by Franchisee during the term of this Agreement or any renewal term, or Franchisee's lease or sublease and which obligations, responsibilities or liabilities shall survive the termination, expiration or non-renewal of this Agreement, Franchisee's lease or sublease.

ARTICLE XIX. COMMENCEMENT AND HOURS OF OPERATIONS

Franchisee recognizes that continuous and daily availability of any of the proprietary food items and Products to the public is essential to the adequate promotion of Franchisee's Café, and that any failure to provide such availability affects Franchisor both locally and nationally. Franchisee shall make Franchisee or Franchisee's trained manager personally available to provide the Products to the consuming public at a minimum of ten (10) hours per day, seven (7) days per week, or as required by any lease or sublease if different, except where prohibited or otherwise regulated by a governmental authority, including any state or local licensing authority, and shall otherwise conduct the business in accordance with generally accepted business standards. These requirements may be changed by Franchisor from time to time and upon reasonable notice to Franchisee and may differ from one franchisee to another, based upon the specific characteristics of a particular location.

ARTICLE XX. TRANSFERABILITY OF INTEREST

Section 20.01. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee, and that neither this Agreement nor the franchise granted shall be assignable or transferable by Franchisee, nor may the same be mortgaged, pledged or encumbered by him without the express prior written consent of Franchisor. Any purported assignment, mortgage, pledge or encumbrance of any rights under this Agreement or the franchise, without the prior written consent of Franchisor, shall be null and void. The issuance or transfer of any stock (including by way of any public stock offering) or partnership interest(s) in Franchisee, or its merger, a consolidation or dissolution, if Franchisee is a corporation or a partnership, shall be deemed an assignment of this Agreement and of the franchise.

Section 20.02. If Franchisee is an individual. Franchisor hereby consents, upon thirty (30) days' prior written notice, to the assignment by Franchisee of all of Franchisee's rights and benefits under this Agreement to a corporation of which Franchisee owns at least a majority of the voting and equity stock, provided that:

(A) Such corporation is newly organized and its activities and corporate purposes are confined exclusively to acting as a store franchised under this Agreement;
(B) Such corporation and all of its stockholders execute a Transfer of Franchise to a Corporation form, or such other form as shall be provided or approved by Franchisor, in which they Jointly and severally assume all of the past and future obligations of Franchisee under this Agreement, to the same extent as if they had originally executed this Agreement as Franchisee;
(C) Franchisee or Franchisee's designated manager actively manages such corporation and continues to devote Franchisee's best efforts and full and exclusive time to the day-to-day operation and development of the franchise and the business of the Café and Franchisee shall remain personally liable in all respects under this Agreement, including but not limited to payment for the purchase of any of the Products, jointly and severally with such corporation and any and all other stockholders thereof; and
(D) All stock certificates of such corporation bear a legend substantially in the following form, which shall be printed legibly and conspicuously on the front of each such stock certificate:

"The transfer of this stock certificate is subject to the
terms and conditions of a certain Franchise
Agreement entered into with Sweet Project LLC dated, 20_______________

Section 20.03. If Franchisee, any stockholder or partner of a corporate or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder or partner of any corporate or partnership Franchisee, desires to effect any sale or assignment of any partnership interest, stock or other interest in this Agreement, or of Franchisor's rights and benefits under this Agreement, including, without limitation, the franchise granted by this Agreement, and/or the ownership or sublease for the Café franchised by this Agreement, Franchisee or such other authorized person or party shall give Franchisor written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, and providing Franchisor with all other documents and data required prior to Franchisor approving the sale. Franchisor shall have the right of first refusal, for a period of fifteen (15) days after receipt of such notice, to notify Franchisee or such other authorized person or party of Franchisee's desire to exercise such option under the same terms and conditions as the bona fide offer. If Franchisor fails to exercise such option in the time period allotted, then Franchisee shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions, subject to Franchisee's compliance with all of the other terms and provisions of this

Agreement. In the event the terms of such bona fide offer change at any time, then at the time of any change, Franchisee must re-offer the franchise to Franchisor for an additional fifteen (15) day period.

Section 20.04. In addition to all of the other conditions set forth in Sections 20.2 and 20.3 above that pertain to the right of Franchisee to assign, transfer or sell the license created hereunder, Franchisee agrees that any and all rights of assignment, transfer or sale by Franchisee of this franchise and the its rights are conditioned upon compliance with each of the following:

(A) Any such assignment, transfer, or sale shall be subject to the approval by Franchisor of such assignee, and of the moral and credit background of such assignee and any and all stockholders or partners of assignee, which approval shall not be unreasonably withheld;

(B) The assignee, transferee, or purchaser, and all stockholders or partners thereof, if same is a corporation or partnership, shall at Franchisor's option either personally assume in writing all of the obligations of Franchisee, disclosed or undisclosed including all obligations under this Agreement, or execute the then-current Franchise Agreement, in the form used by Franchisor, except that the Royalty Fee and Advertising Fee under the then-current Franchise Agreement shall not be greater than that provided by Article V and IX above for the remainder of what would have been the initial term of this Agreement. However, Franchisor shall have the right to reasonably increase the Royalty Fee and the Advertising Fee, in conformity with the Franchise System, during any renewals of the Agreement;

(C) Franchisee, such assignee, transferee or purchaser and any and all stockholders or partners thereof, shall execute a general release in favor of Franchisor, its officers, directors, and employees, of any and all claims and causes of action that they may have against Franchisor or its subsidiary or affiliated corporations in any way relating to this Agreement or the performance or nonperformance under this Agreement by Franchisor;

(D) All prior obligations and debts of Franchisee or corporate assignee of Franchisee owed to Franchisor under or in connection with this Agreement shall be paid concurrently with such assignment;

(E) Franchisee must not be in default under this Agreement or any renewals of this Agreement or of any lease or sublease agreement to which Franchisee is a party;

(F) Assignee, transferee or purchaser shall not be in the same business as Franchisor either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the assignee, transferee or purchaser may be an existing franchisee of Franchisor;

(G) Prior to the effective date of the assignment, transfer or sale, the assignee, transferee, or purchaser must satisfactorily complete Franchisor's training program required of all new franchisees;

(H) Assignee, transferee, or purchaser shall, prior to any such assignment, pay to Franchisor a non-refundable training and transfer fee equal to Seven Thousand Five Hundred Dollars ($7,500) to reimburse Franchisor for its legal and accounting fees, credit investigation, training expenses, and other charges and expenses in connection with such assignment, transfer or sale; and

(I) Franchisee shall enter into an agreement with Franchisor agreeing to subordinate such assignee's, transferee's or purchaser's obligations to Franchisor, including, without limitation, any Royalty Fees and Advertising Fees, and any obligations of such assignee, transferee or purchaser to make installment payments of the purchase price to Franchisee.

Section 20.05. Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor in this Agreement and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption. Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions. Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Proprietary Marks (or any variation thereof) and Franchise System and/or the loss of association with or identification of Sweet Project LLC as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee acknowledges and agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business's facilities, and to operate, franchise or license those businesses and/or facilities as Naya Dessert Cafés operating under the Proprietary Marks or any other Proprietary Marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be near to any of Franchisee's locations. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the "Naya Dessert Café" business or to offer or sell any products or services to Franchisee.

Section 20.06. In addition to the requirements of this Article, Franchisee must, within fifteen (15) days of receipt of an offer to buy, give Franchisor additional written notice whenever Franchisee has received an offer from a third party to buy Franchisee's business franchised under this Agreement. Franchisee must also give Franchisor written notice simultaneously with any offer to sell Franchisee's Café made by, for, or on behalf of Franchisee. The purpose of this Subsection is to enable Franchisor to comply with any applicable state or federal franchise disclosure law or rules. Franchisee will indemnify and hold Franchisor harmless for Franchisee's failure to comply with this Subsection.

Section 20.07. Franchisor's consent to an assignment of any interest subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee, transferee or purchaser.

Section 20.08. If, subject to the restrictions and conditions of transfer contained in this Article, Franchisee shall attempt to raise or secure funds by the sale of securities (including, without limitation, common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliates of Franchisee, Franchisee, recognizing that the written information used with respect thereto may reflect upon Franchisor, will submit any such written information to Franchisor prior to its inclusion in any registration statement, prospectus or similar offering circular or memorandum and will obtain the written consent of Franchisor to the method of financing prior to any offering or sale of such securities. For each proposed offering, Franchisee shall pay Franchisor a non-refundable fee in an amount equal to Seven Thousand Five Hundred Dollars ($7,500) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. The written consent of Franchisor pursuant to this Section 20.8 shall not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless such information has been furnished by Franchisor, in writing, pursuant to the written request of Franchisee, in which Franchisee states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in such offering literature or prospectus, such literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for any offering. The prospectus or other literature utilized in any such offering shall contain the following language in bold-face type on the first textual page thereof;

"NEITHER SWEET PROJECT LLC NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER SWEET PROJECT LLC NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."

Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities, arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. Franchisor shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

ARTICLE XXI. DEATH OR INCAPACITY OF FRANCHISEE

Section 21.01. In the event of the death or permanent incapacity or disability of Franchisee, i.e., Franchisee is unable to operate the Café as an individual franchisee, or any partner of a Franchisee which is a partnership, or any shareholder owning fifty percent (50%) or more of the capital stock of a Franchisee which is a corporation. Franchisor shall consent to a transfer of that Franchisee's interest to Franchisee's heirs (referred to in this Article as "Transferee") without payment of a transfer fee, subject to the following conditions:

- (A) Transferee must complete, and be approved through Franchisor's standard franchise selection process, including satisfactorily demonstrating to Franchisor that Transferee meets the financial character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;
- (B) Transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as the original Franchisee; and
- (C) If Transferee is not approved. Franchisee or Franchisee's legal representative shall use that person's best efforts to sell the Café to a party acceptable to Franchisor within twelve (12) months from the date of Franchisee's death or permanent incapacity or disability and

Franchisor shall have the option, but not the obligation, to operate and/or manage the Café for the account of Franchisee's estate until the deceased or incapacitated Franchisee's interest is transferred to another party acceptable to Franchisor. An acceptable party must be Franchisee's heir. Should Franchisor elect to operate and/or manage the franchised Café, Franchisor shall make a complete accounting and shall forward fifty percent (50%) of the net income for the operation of the Café to Franchisee's estate. If the conveyance of the Café to a party acceptable to Franchisor has not taken place within the twelve (12) month period, Franchisor shall have the option, but not the duty, to purchase the Café and its equipment at the fair market value thereof as determined by independent qualified appraisers selected by Franchisor and the estate. In the event that these appraisers cannot agree on a fair market value, a third appraiser shall be selected by the other two appraisers and that appraiser's determination shall be binding on both parties. However, if Franchisor chooses not to repurchase the Café, then it may elect to terminate this Agreement, in which event the business franchised under this Agreement will automatically revert back to Franchisor, with Franchisor being obligated to purchase the equipment and trade fixtures at their book value, as set forth in the last certified financial statement of Franchisee.

ARTICLE XXII. OPERATION IN THE EVENT OF ABSENCE OR DISABILITY

In order to prevent any interruption of the Café operations which would cause harm to the Café, thereby depreciating its value, if Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Café, Franchisee authorizes Franchisor, who may, at its option, operate the Café for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Café during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Café, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. If, as provided in this Article, Franchisor temporarily operates the Café for Franchisee, Franchisee will indemnify and hold harmless Franchisor and any representative of Franchisor who may act under this Agreement, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

ARTICLE XXIII. INJUNCTIVE RELIEF

Section 23.01. If Franchisee is in default, except for default with respect to monies required to be paid by Franchisee to Franchisor, under any provisions of this Agreement, Franchisor shall be entitled to seek a permanent injunction and any preliminary or temporary equitable relief in order to restrain the violation of this Agreement by Franchisee or any person acting for Franchisee or in Franchisee's behalf. Franchisor shall be entitled to its reasonable attorneys' fees and courts costs in connection with taking such action or in connection with any other remedy sought by Franchisor, provided Franchisor is the prevailing party. This remedy shall be cumulative to any other remedy available to Franchisor.

Section 23.02. Franchisee agrees that it is impossible to measure in money the damages which Franchisor will sustain in the event of Franchisee's breach of this Agreement and, therefore, in the event Franchisor institutes injunctive proceedings under this Article, Franchisee waives the defense that Franchisor has an adequate remedy at law.

ARTICLE XXIV. RISK OF OPERATIONS

FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES AND RISKS OF THIS BUSINESS, AND, THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTEES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR OR BY ANYONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT IT, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, OR THE DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE CAFÉ. FRANCHISEE HEREBY ACKNOWLEDGES THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR’S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE. FRANCHISEE RELEASES FRANCHISOR, ITS SUBSIDIARY OR AFFILIATED CORPORATIONS, OEFICERS, DIRECTORS, AFFILIATES AND EMPLOYEES FROM ANY CLAIMS, SUITS AND LIABILITY RELATING TO THE OPERATION OF FRANCHISEE’S CAFÉ INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS, EXCEPT TO THE EXTENT THAT THE SAME IS PREDICATED UPON THE BREACH OF A SPECIFIC WRITTEN OBLIGATION OE FRANCHISOR CONTAINED IN THIS AGREEMENT.

ARTICLE XXV. OTHER OBLIGATIONS

Nothing contained in this Agreement shall inhibit or limit the unrestricted right of Franchisor to enter into or engage in any business or in the sale itself, or the licensing to others for the sale, of the proprietary food items other than the limitations imposed upon Franchisor by Article I above; Franchisee shall have no rights, benefits or entitlement with respect thereto.

ARTICLE XXVI. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limitation, the generality of the foregoing acts or omission of other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections or acts of God, inability of Franchisor to purchase, deliver and/or manufacture of any of the proprietary food items, provided that inability of a party to obtain funds shall be deemed to be a cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

ARTICLE XXVII. WAIVER OF VIOLATION OR DEFAULT

Waiver by Franchisor or Franchisee of any violation or default hereunder shall not alter or impair either party’s right with respect to any subsequent violation or default, nor shall any delay or omission on the part of either party to exercise any right arising from such violation of default alter or impair such party’s rights as to the same or any future violation or default. An acceptance by Franchisor of any payment from Franchisee after the date on which such payment is due shall not operate as a waiver of Franchisee's default or violation hereunder, nor alter or impair Franchisor's rights with respect to such violation or default.

ARTICLE XXVIII. NOTICE AND TIME

Section 28.01. All communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by fax transmission, or one (1) business day after being sent by overnight commercial courier service for next business day delivery, or five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid. Notice to Franchisor shall be addressed to:

Notices to Franchisor:
Sweet Project LLC
535 Octavia St.
San Francisco, CA 94102
Tel: (415) 990-5527
Attention: President

Notice to Franchisee shall be addressed to: Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports, required to be made, by Franchisee under this Agreement shall be given to Franchisor at the above address, except that regular reports may be sent by regular mail.

Section 28.02. Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

ARTICLE XXIX. APPLICABLE LAW AND VENUE

Section 29.01. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California, which laws shall prevail in the event of any conflict of law.

Section 29.02. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

Section 29.03. Nothing contained in this Agreement shall bar Franchisor's right to seek injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

Section 29.04. Franchisee acknowledges that Franchisee has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of California, where Franchisor's decision-making authority is vested and franchise operations are conducted and supervised. Therefore, the parties irrevocably agree and consent that in any action or proceeding brought by either party to this Agreement, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in San Francisco County, California.

Section 29.05. The parties agree to waive, now and forever, any and all rights either may have under the federal RICO statute.

Section 29.06. The parties waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by it. The parties irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

Section 29.07. In the event Franchisor employs legal counsel or incurs other expense to enforce any obligation of Franchisee under this Agreement, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

Section 29.08. Franchisee agrees that he/she/it will not, on grounds of the alleged non-performance by Franchisor of any of its obligations under this Agreement, withhold payment of any Royalty Fee, advertising contributions or any other amounts due to Franchisor.

ARTICLE XXX. ARBITRATION

Section 30.01. IF ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR ITS SETTLEMENT ESTABLISHES THE OTHER PARTY'S DEFAULT, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, 'WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION OR THEREAFTER. NOTHING CONTAINED IN THIS PARAGRAPH SHALL RELATE TO ARBITRATION PROCEEDINGS PURSUANT TO THIS AGREEMENT.

Section 30.02. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED BETWEEN THEM SHALL BE DETERMINED

SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT, AS AMENDED, AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE IN SAN FRANCISCO COUNTY, CALIFORNIA.

Section 30.03. EACH PARTY SHALL SELECT ONE (1) ARBITRATOR (WHO SHALL NOT BE COUNSEL FOR THE PARTY), AND THE TWO (2) SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION OF EITHER PARTY. JUDGMENT UPON ANY AWARD OF THE MAJORITY OF THE ARBITRATORS SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATORS MAY GRANT ANY RELIEF WHICH MIGHT BE GRANTED BY A COURT OF GENERAL JURISDICTION, INCLUDING, WITHOUT LIMITATION, BY REASON OF ENUMERATION, AWARD OF DAMAGES (BUT EXCLUDING INJUNCTIVE RELIEF), AND MAY, IN THE DISCRETION OF THE ARBITRATORS, ASSESS, IN ADDITION, THE COSTS OF ARBITRATION, INCLUDING THE REASONABLE FEES OF THE ARBITRATORS AND REASONABLE ATTORNEYS' FEES, AGAINST EITHER OR BOTH PARTIES, IN PROPORTIONS AS THE ARBITRATORS SHALL DETERMINE.

Section 30.04. NOTHING CONTAINED IN THIS AGREEMENT SHALL BAR EITHER PARTY FROM SEEKING AND OBTAINING TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH THIS ARTICLE XXX IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL, IN SUCH PARTY'S DISCRETION, CAUSE SUCH PARTY LOSS OR DAMAGE.

Section 30.05. THE PARTIES INTEND THAT ANY ARBITRATION BETWEEN FRANCHISEE AND FRANCHISOR REGARDING A CLAIM OF FRANCHISEE SHALL BE OF FRANCHISEE'S INDIVIDUAL CLAIM, AND THAT NO SUCH CLAIM SUBJECT TO ARBITRATION SHALL BE ARBITRATED ON A CLASS-WIDE BASIS.

Section 30.06. FRANCHISEE SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (I) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

ARTICLE XXXI. ACKNOWLEDGEMENTS

Section 31.01. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, AND THAT FRANCHISEE'S SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT

RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

Section 31.02. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED, READ, AND UNDERSTOOD THIS AGREEMENT, INCLUDING ITS EXHIBITS; THAT FRANCHISOR HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO FRANCHISEE'S SATISFACTION; AND THAT FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF FRANCHISEE'S OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

Section 31.03. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED A COMPLETE COPY OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENTS, THIS AGREEMENT, THE EXHIBITS REFERRED TO IN THIS AGREEMENT, AND ANY OTHER AGREEMENTS RELATING HERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

Section 31.04. FRANCHISEE ACKNOWLEDGES AND IS AWARE OF THE FACT THAT SOME FRANCHISEES OE FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

ARTICLE XXXII. ENTIRE AGREEMENT

This Agreement, together with the Area Development Agreement, if applicable, and any other Franchise Agreements thereunder, constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with its subject matter. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. In the event of any conflict between the terms of this Agreement and the terms of the Area Development Agreement, if applicable, or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

ARTICLE XXXIII. JOINT AND SEVERAL OBLIGATION

If Franchisee consists of more than one (1) person, their liability under this Agreement shall be deemed to be joint and several.

ARTICLE XXXIV. SECURITY INTEREST

Franchisee grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Café, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the address of Franchisee and Franchisor are set forth in Article XXVIII of this Agreement. If Franchisee is in good standing, Franchisor will, upon request, execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Café.

ARTICLE XXXV. PARAGRAPH HEADINGS: PRONOUNS

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience only, and shall not be deemed to alter or affect any of its provisions. Each pronoun used in this Agreement shall be deemed to include the other number of genders.

ARTICLE XXXVI. SEVERABILITY AND CONSTRUCTION

Section 36.01. Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, that shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties, and the invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that the finding of illegality adversely affects the basic consideration of this Agreement, Franchisor and Franchisee may terminate this Agreement.

Section 36.02. Anything to the contrary in this Agreement notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity, other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

Section 36.03. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

Section 36.04. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision.

Section 36.05. This Agreement shall be executed in two or more counterparts, and each copy so executed shall be deemed a duplicate original. The parties have executed this Agreement on the date first written above.

<<Signature Page Follows>>

The parties have executed this Agreement on the date first written above.

FRANCHISOR	FRANCHISEE
By: ______________________________	By: ______________________________

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "A"
LOCATION AND TERRITORY

Franchisee's Location and Territory shall be as follows:

FRANCHISOR

By: ______________________________

FRANCHISEE

By: ______________________________
Franchisee

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "B"
GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT ("Guarantee") entered into this _____ day of, 2021, by and between Sweet Project LLC, a California limited liability company ("Secured Party" or "Franchisor") and each of the undersigned persons and their spouses (each a "Guarantor"), being all of the shareholders or members, partners, principals or other owners or controlling persons, as applicable, of the "Franchisee" or "Debtor" (as hereafter defined).

WITNESETH:

WHEREAS, Franchisee, ("Franchisee" or "Debtor") has entered into a Franchise Agreement Dated ____________________, 2021 (collectively, the "Franchise Agreement") with the Secured Party;

WHEREAS, Guarantor holds____% of ownership interest in the Franchisee or other beneficial owner or controlling person, as applicable, in Debtor, or a spouse of such person, and will benefit from the Franchise Agreement;

WHEREAS, the Secured Party is willing to enter the Franchise Agreement with Debtor only if Guarantor agrees to guarantee the full, prompt, complete and faithful performance of all the terms, covenants, conditions and obligation(s) on Debtor's part to be performed under the Franchise Agreement, and all other agreements and instruments ancillary to such agreements, and including any amendments or renewals thereof (the "Documents");

NOW, THEREFORE, in order to induce the Secured Party to enter the Franchise Agreement and the Documents with Debtor and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby jointly and severally agrees to be bound by the Documents and jointly and severally covenants and agrees with the Secured Party as follows:

ARTICLE I
GUARANTEE

1.1 Guarantor unconditionally guarantees the full, prompt, complete and faithful performance, payment, observance and fulfillment by Debtor of all of the terms, covenants and conditions and any obligation(s) under the Documents when due and any and all fees, royalties and other sums that may become due to the Secured Party from Debtor under the Documents ("Obligation(s)"). Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and legal expenses) incurred by the Secured Party in endeavoring to collect the Obligation(s), or any part thereof, or in securing the performance thereof, or in enforcing this Guarantee.

1.2 Guarantor hereby covenants and agrees unconditionally that in the event Debtor fails to make any payment due under the Obligations on the due date as set forth in the Documents, or an event of default occurs, as defined in the Documents ("Event of Default"), within ten (10) days of the receipt of written notice from or on behalf of the Secured Party to the effect that there exists such an Event of Default and of the amount or nature of the Obligation(s) which Debtor has failed to pay or perform. Guarantor will pay the entire unpaid amount thereof to the Secured Party at its office set forth on the signature page attached hereto. In the event that the Guarantor should fail or decline to pay any sums properly due to the Secured Party hereunder within ten (10) days following the Secured Party's request for the payment of any such sums, then said sums shall bear interest at annual interest rate equal to twelve percent (12%). Further, if Guarantor shall fail to pay any amount or perform any Obligation(s) properly due to the Secured Party hereunder, the Secured Party may institute and pursue any action or proceeding to judgment or final decree and may enforce any such Judgment or final decree against Guarantor and collect, in the manner provided by law, out of Guarantor's property, wherever situated, the monies adjudged or decreed to be payable.

1.3 This Guarantee shall not be limited to any particular period of time, but rather shall continue absolutely, unconditionally and irrevocably until all the terms, covenants and conditions of the Documents have been fully and completely performed by Debtor or otherwise discharged and/or released by the Secured Party, and Guarantor shall not be released from any duty, obligation or liability hereunder so long as there is any claim of the Secured Party against Debtor arising out of the Documents which have not been performed, settled or discharged in full.

ARTICLE II
REMEDIES AND RIGHTS OF SECURED PARTY

2.1 The Secured Party shall give Guarantor notice in writing of an Event of Default or any event which might mature into an Event of Default known to Secured Party (but neither failure to give, nor defect in, any notice shall extinguish or in any way affect the Obligation(s) of Guarantor hereunder). Neither demand on, nor the pursuit of any remedies against, Debtor or any other guarantor of the Obligation(s) (“Obligor”) shall be required as a condition precedent to, or neither the dependency nor the prior termination of any action, suit or proceeding against the Debtor or any Obligor (whether for the same or a different remedy) shall bar or prejudice the making of a demand on Guarantor by the Secured Party and the commencement against Guarantor after such demand of, any action, suit or proceeding, at law or in equity, for the specific performance of any covenant or agreement contained in the Documents or for the enforcement of any other appropriate legal or equitable remedy.

2.2 Guarantor's liability hereunder is primary, direct and immediate. Guarantor agrees that neither:

(i) The exercise or the failure to exercise by the Secured Party of any rights or remedies conferred on it under the Documents, hereunder or existing at law or otherwise, or against any collateral;

(ii) The recovery of a judgment against Debtor or Obligor;

(iii) The commencement of an action at law or the recovery of a judgment at law against Debtor or any Obligor and the enforcement thereof through levy or execution or otherwise;

(iv) The taking or institution or any other action or proceeding against Debtor or any Obligor; nor

(v) The delay in taking, pursuing or exercising any of the foregoing actions, rights, powers or remedies (even though requested by Guarantor) by the Secured Party shall extinguish or affect the Obligation(s) of Guarantor hereunder, but Guarantor shall be and remain liable for and until all Obligation(s) shall have been fully paid notwithstanding the previous discharge (total or partial) from further liability of Debtor or any Obligor or the existence of any bar (total, partial or temporary) to the pursuit by Guarantor of any right or claim to be subrogated to the right or claims of the Secured Party resulting from any action or failure or omission to act or delay in acting by the Secured Party, or anyone entitled to act in its place.

2.3 In case any of the Guarantor shall become insolvent or admit in writing his, her or its inability to pay his, her or its debts as they mature, or apply for, consent to or acquiesce in the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for either Guarantor, or any of his, her or its property; or, in the absence of such application, consent or acquiescence, a trustee, receiver, liquidator, assignee, sequestrator or other similar official is appointed for Guarantor, or for a substantial part of his, her or its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy, admiralty or insolvency law or at common law or in equity is instituted by or against Guarantor, or remains for 60 days undismissed, then if any such event shall occur at a time when any of the Obligation(s) may not be then due and payable. Guarantor will pay to the Secured Party forthwith the whole unpaid amount under the Documents and Documents plus any other sums due under the Documents and other Documents, irrespective of whether any demand shall have been made on Guarantor, Debtor or any Obligor by intervention in or initiation of judicial proceedings relative to Guarantor, his, her or its creditors or his, her or its property. The Secured Party may file and prove a claim or claims for the whole unpaid amount or any portion thereof and for any other sums due under the Documents and other Documents and file such other papers or documents as may be necessary or advisable in order to have such claim allowed in such judicial proceedings and to collect and receive any monies or other property payable or deliverable on any such claim, and to distribute the same; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Secured Party.

2.4 The benefits, remedies and rights provided or intended to be provided hereby for the Secured Party are in addition to and without prejudice to any rights, benefits, remedies or security to which the Secured Party might otherwise be entitled.

2.5 Notwithstanding anything mentioned herein to the contrary, the Secured Party, from time to time, without notice to Guarantor, may take all or any of the following actions without in any manner affecting or impairing the liability of Guarantor hereunder:

(i) Obtain a security interest in any property to secure any of the Obligation(s) hereunder;

(ii) Retain or obtain the primary or secondary liability of any party or parties, in addition to Guarantor, with respect to any of the Obligation(s);

(iii) Extend the time for payment of the Documents or any installment thereof for any period;

(iv) Release or compromise any liability of Guarantor hereunder or any liability of any nature of any other party or parties with respect to the Obligation(s);

(v) Resort to Guarantor for payment of any Obligation(s), whether or not the Secured Party shall proceed against any other party primarily or secondarily liable on any of the Obligation(s); or

(vi) Agree to any amendments, modification or alteration of the Documents and exercise its rights to consent to any action or non-action of Debtor which may violate the covenants and agreements contained in the Documents with or without consideration, on such terms and conditions as may be acceptable to it.

2.6 Guarantor agrees that if at any time all or any part of any payment theretofore applied by the Secured Party to any of the Obligation(s) is or must be rescinded or returned by the Secured Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Debtor) such Obligation(s), for purposes of this Guarantee, to the extent that such payment is or must be rescinded or returned, shall be deemed to have continued in existence, notwithstanding such application by the Secured Party, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation(s), all as though such application by the Secured Party had not been made.

ARTICLE III
GUARANTOR'S WARRANTIES

3.1 Guarantor represents and warrants to the Secured Party that:

(i) This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable against him, her or it in accordance with its terms;

(ii) There is no action, litigation or other proceeding pending or threatened against Guarantor, before any court, arbitrator or administrative agency which may have a materially adverse effect on the assets, businesses, or financial condition of Guarantor, or which would prevent, hinder or jeopardize his, her or its performance under this Guarantee;

(iii) Guarantor is fully familiar with all of the covenants, terms and conditions of the Documents and the Documents;

(iv) The Guarantor is not party to any contract, agreement, indenture or instrument or subject to any restriction which might materially adversely affect his, her or its financial condition which would in any way jeopardize the ability of Guarantor to perform hereunder; and

(v) The Financial Statement of Debtor attached hereto as Exhibit "1" is correct in all material respects and accurately represents the financial condition of Debtor as of ____________________. 2021.

ARTICLE IV
MISCELLANEOUS PROVISIONS

4.1 All the covenants, stipulations, promises and agreements contained in this Guarantee by or on behalf of Guarantor are for the benefit of the Secured Party, its successors or assigns and shall bind Guarantor and his, her or its heirs, executors, personal representative, successors and assigns.

4.2 Any notice or demand which by any provision of this Guarantee is required or permitted to be given by Secured Party to Guarantor shall be deemed to have been sufficiently given for all purposes if given by first-class mail, postage prepaid, to Guarantor at the address set forth after his, her or its signature below (until another address is filed by Guarantor with Secured Party for such purposes).

4.3 The Secured Party, without notice of any kind, may sell, assign or transfer the Documents, and in such event each and every immediate and successive assignee or transferee thereof may be given the right by the Secured Party to enforce this Guarantee in full, by suit or otherwise, for its own benefit. Guarantor hereby agrees for the benefit of any such assignee or transferee that his, her or its Obligation(s) hereunder shall not be subject to any reduction, abatement, defense, set-off, counterclaim or recoupment for any reason whatsoever.

4.4 Guarantor hereby expressly waives;

(i) Notice of the acceptance by the Secured Party of this Guarantee;

(ii) Notice of the existence, creation or non-payment of all or any of the Obligation(s);

(iii) Presentment, demand, notice or dishonor, protest and all other notices whatsoever; and

(iv) All diligence in collection or protection of or realization on the Obligation(s) or any thereof hereunder, or any security for or guarantee of any of the foregoing.

4.5 No delay on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Guarantee be binding on the Secured Party except as expressly set forth in writing, duly signed and delivered on behalf of the Secured Party.

4.6 This Guarantee shall in all respects be governed by and construed and enforced in accordance with the laws of the State of California and the parties hereto submit to the non-exclusive jurisdiction of the courts of San Francisco County, California and all courts competent to hear appeals therefrom.

4.7 Any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and no such prohibition or unenforceability shall invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Guarantee as of the date first written above.

"SECURED PARTY"
FRANCHISOR

By:.____

"GUARANTORS"	**"SPOUSE"**
______________________________	______________________________
Name: Address:	
______________________________	______________________________
Name: Address:	
______________________________	______________________________
Name: Address:	

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "C"
CONDITIONAL LEASE ASSIGNMENT PROVISIONS

The clauses referred to in Article 2.1 of the attached Franchise Agreement are as follows;

(i) The premises being leased hereunder shall be used solely for the operation of a Naya Dessert Café.

(ii) Lessor has examined Franchisor's standard design concepts and specifications and consents to Lessee's use of same and of Franchisor's Proprietary Marks and such signage as Franchisor may prescribe for the Café.

(iii) Lessee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.

(iv) Lessor shall furnish Franchisor a copy of the executed lease, including all attachments thereto and related agreements, if any, within five (5) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

(v) Notwithstanding anything to the contrary contained in this Lease, it is expressly understood and agreed that if the Franchise Agreement dated the___day of, 20____________ between the Lessee and Franchisor expires or is terminated for any reason whatsoever, the Lessee's rights hereunder shall, at the option of Franchisor, be transferred and assigned to Franchisor. Said option may be exercised by Franchisor giving the Lessor a notice in writing within thirty (30) days following the expiration or termination of the said Franchise Agreement, such notice to specify, inter alia, the date of such expiration or termination. It is further agreed that such notice shall, without further act or formality, operate as an effective assignment of the Lessee's right hereunder to Franchisor and the assumption by Franchisor of the covenants herein required to be observed or performed by the Lessee.

(vi) In the event Franchisor elects not to exercise the above option. Lessor shall permit Franchisor to enter the premises in order to make any modification necessary to protect Franchisor's Proprietary Marks.

(vii) The Lessor shall give written notice to Franchisor (concurrently with the giving of such notice to the Lessee) of any default by the Lessee under the Lease, and Franchisor shall have, after the expiration of the period during which the Lessee may cure such default, an additional fifteen (15) days to cure, at its sole option, any such default, providing that if such default arises by reason of the bankruptcy or insolvency of the Lessee or the appointment of a receiver over the Lessee's assets or part thereof, Franchisor shall have the right to assume this Lease upon payment of any arrears of rental to such date. In the event of any such assumption, the Lessee shall cease to have any further rights hereunder.

(viii) The Lessor acknowledges that the said Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the said Franchise Agreement for any reason whatsoever, to enter the premises hereby demised and to operate the Café for the account of the Lessee for a period as set forth in the said Franchise Agreement. The Lessor further acknowledges that such entry by Franchisor shall not constitute an assignment of this Lease, nor a subletting of the premises hereby demised.

(ix) The Lessor acknowledges that Franchisor is executing this Lease solely for the purpose of acknowledging the provisions contained in the foregoing clauses and agrees that such execution by Franchisor shall in no way be construed so as to obligate Franchisor for the performance of any of the terms, conditions, obligations and covenants contained herein, except as specifically set forth in clause (i).

The foregoing provisions shall be incorporated into Franchisee's lease or sublease agreement.

FRANCHISOR

By:________________________________

FRANCHISEE

By:. ________________________________

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT “D’
SITE LOCATION ADDENDUM
Site Location

Sweet Project LLC (“Franchisor”) and Franchisee (“Franchisee) have on this date, ________, 20__, entered into a certain Franchise Agreement, (“Franchise Agreement”) and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within 6 months after execution of this Addendum, Franchisee shall acquire, by lease or purchase, at Franchisee’s expense and subject to Franchisor’s approval, as provided in the Franchise Agreement, a location for the franchised business.

B. Guidelines and Evaluation

In connection with Franchisee’s selection of a site for the franchised business, Franchisor shall furnish to Franchisee the following:

1. Counseling and assistance on site selection guidelines as Franchisor may deem advisable
2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee’s request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee’s request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals, following Franchisee’s approval in advance of same.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the franchised business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location and such other information or materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed location to Franchisor for its approval no later than 30 days after the execution of the Franchise Agreement. Franchisor shall have 30 days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of approval is given to Franchisee by Franchisor.

D. Lease Provisions

The lease for the premises of the franchised business shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms
and conditions:

1. That the premises shall be used only for the operation of the franchised business.
2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may prescribe for the franchised business.
3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.
4. That Franchisee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.
5. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.
6. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to assign or sublease for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.
7. That Franchisor shall be furnished a copy of the executed lease, ten (10) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the franchised business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. Franchisee shall not relocate the franchised business without the express prior written consent of Eranchisor.

F. Construction

Franchisee shall commence construction or leasehold improvements ("Construction") of the franchise business within 60 days after Franchisee executes this addendum, executes a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee shall provide written notice to Franchisor of the date Construction of the franchised business commences within 14 days after commencement. Franchisee shall maintain continuous Construction of the franchised business premises and shall complete Construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within () months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the Construction period. Franchisee and Franchisee's architect or general contractor shall certify in writing to Franchisor that all work is proceeding substantially on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the Construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of Construction, Franchisee shall obtain, and shall furnish to Franchisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the franchised business. Franchisee shall obtain Franchisor's approval for opening and shall open the franchised business within(_) months after the date of commencement of Construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under Section 17.1 of the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

FRANCHISOR	**FRANCHISEE**
By:.______________________________	**By: ______________________________**

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT “E”
CONFIDENTIALITY AND NON COMPETITION AGREEMENT

THIS AGREEMENT is made by and between Sweet Project LLC, a California corporation (the “Franchisor”), and (the “Franchisee”).

WHEREAS, Franchisor has developed an established business and is engaged in the development, marketing and sale to franchisees of an efficient and distinctive Franchise System of training employees, preparing, serving, merchandising, and selling products typically sold in a Naya Dessert Café, served by a distinctively uniformed staff, and well trained, in distinctively designed, furnished, decorated and equipped stores under the name Naya Dessert Café; and

WHEREAS, Franchisor has developed and uses the name “Naya Dessert Café” and associated service Proprietary Marks, trade Proprietary Marks, designs, and symbols in the design and appearance of its stores (collectively referred to as the “Proprietary Marks”), identifying the goodwill which Franchisor has developed in connection with the operation of Naya Dessert Cafés by Franchisor and its franchisees (all of which is hereinafter referred to as the “Franchise System”); and

WHEREAS, Franchisor desires to preserve the Proprietary Marks and the Franchise System, and has plans, where
profitable, to increase the number of Naya Dessert Cafés within the United States and elsewhere; and

WHEREAS, Franchisee desires to be a Naya Dessert Café franchisee; and

WHEREAS, ____________________, Franchisee’s Employee, has been hired by Franchisee to run the day-to-day activities of Franchisee’s store and such Employee must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, and the conditions stated herein, the parties agree as follows:

1. Purpose of Agreement. Franchisor is placing Franchisee in a position of trust and confidence in the development, marketing, sale and expansion of the Franchise System. As a precondition of the grant of the right to own and operate a Naya Dessert Café, Franchisor desires to receive from Franchisee (i) an agreement not to disclose certain information relating to Franchisor’s business, (ii) an agreement not to compete against Franchisor for a certain period of time, and (iii) an agreement concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. Franchisor Ownership of Materials. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, Franchise Systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including Franchisor’s Confidential Operating Manual, and the goodwill associated with them, which in any way relate to Franchisor’s past, present or potential business or which were prepared or received by

Franchisee as a franchisee of Franchisor and a participant in the Franchise System (collectively referred to as "Confidential Information") are the exclusive property of Franchisor. Franchisee agrees to deliver to Franchisor all copies of such materials including Franchisee's own personal work papers, which are in Franchisee's possession or under Franchisee's potential control at the request of Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated even date herewith between Franchisor and Franchisee (the "Franchise Agreement").

3. Confidential Information. Franchisee acknowledges that Franchisor's Confidential Information is a valuable and unique asset which Franchisee holds in trust for Franchisor's sole benefit. Franchisee agrees that Franchisee shall not, at any time during and for a period of fifty (50) years after Franchisee ceases to be a franchisee of Franchisor or a participant in the Franchise System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of Franchisor's Confidential Information, without the prior written consent of Franchisor.

4. Trade Secrets. Franchisee acknowledges that Franchisor's Confidential Information and its methods and techniques of operation, and food preparation, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the Franchise System, including the Confidential Operating Manual, are uniquely valuable to Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets").

   In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a Naya Dessert Café, Franchisee agrees, at all times while a franchisee of Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of Franchisor's Trade Secrets, to use them solely for the benefit of Franchisor's business, and to refrain from disclosing or making available the Trade Secrets to any third party without the prior written consent of Franchisor. Franchisee further agrees to take all reasonable security measures to ensure that Franchisee's employees comply with this Agreement and such other security measures as are reasonably requested by Franchisor to prevent accidental disclosure.

   Franchisee agrees to require all its employees, managers, and supervisors to sign a confidentiality agreement in which they promise to keep all Franchisor's Trade Secrets confidential and to follow Franchisor's directions regarding Franchisor's Trade Secret's use. Franchisee agrees to require all of its principals to sign a confidentiality agreement in which they promise to keep all Franchisor's Trade Secrets confidential and to follow Franchisor's directions regarding their use. Furthermore, Franchisee agrees that Franchisor will be a third-party beneficiary of these confidentiality agreements with the independent right to enforce them.

5. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the Franchise System or which relate to or are useful to Franchisor's business which Franchisee, alone or with others, may invent, discover, make or conceive ("Inventions") are the exclusive property of Franchisor, and Franchisee shall promptly and fully disclose them to Franchisor. At any time, at Franchisor's request and expense. Franchisee shall, without further compensation; (i) promptly record such Inventions with

Franchisor; (ii) execute any assignments and other documents Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by Franchisee that as the natural result of Franchisee's participation in the Franchise System as a franchisee of Franchisor, Franchisee will gain access to Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of Franchisor's landlords, customers and suppliers. Franchisee acknowledges that Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for Franchisee's participation in the Franchise System as a franchisee of Franchisor, Franchisee agrees that while it is a franchisee of Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after Franchisee ceases to be a participant in the Franchise System, and within the Area of Minimum Competition as defined in Article XIV of the Franchise Agreement, Franchisee shall not:

(a) Have or acquire an interest in a similar business to that offered or developed by Franchisor which provides the same or substantially similar products as those sold, distributed. manufactured or furnished by Franchisor during the term of the Franchise Agreement. For purposes of this Agreement, "similar business" means a retail food service cafe or restaurant that sells the same or substantially similar products as Menu Items, as such term is defined in the Franchise Agreement, where the cumulative sales of such products comprise at least 50% of total sales of such business;

(b) Engage, directly or indirectly, on Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any similar business to those offered and provided or manufactured by Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of Franchisor; or the terms and conditions of Franchisor's contracts with suppliers of these Products;

(d) Hire or engage, or attempt to hire or engage, directly or indirectly, any individual who is an employee of Franchisor at the time of such solicitation, or was an employee during the calendar year immediately preceding Franchisee's termination as a participant in the Franchise System as a franchisee of Franchisor, whether such actions are undertaken on behalf of Franchisee or on behalf of another entity; or

(e) Otherwise take direct actions to disrupt the operations of Franchisor or interfere with Franchisor's performance of its contracts with third parties.

7. Enforcement.

(a) Injunction. Franchisee understands and agrees that Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate Franchisor for any such violation. Accordingly, Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this Agreement, Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by Franchisee or by any or all of Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with Franchisee. Franchisee consents to the seeking of the injunction as being a reasonable measure to protect Franchisor's rights.

(b) Jurisdiction. Franchisee agrees that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the State of California, County of San Francisco, and Franchisee agrees and consents to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court, regardless of Franchisee's residency at the time such suit is filed. Any lawsuit brought against Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of Franchisee within this time period shall serve to bar any rights Franchisee may have against Franchisor or its officers, directors and agents.

(c) Costs. Franchisee further agrees that if Franchisee acts in any manner which causes Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines Franchisee has or is violating any of the provisions of this Agreement, Franchisor, in addition to its other remedies, shall be entitled to recover from Franchisee all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. Franchisee has read and considered carefully the provisions of Sections I through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. Franchisee further agree that the restrictions set forth in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

(a) All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent Jurisdiction for any reason, then Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing. Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, Franchisee agrees that a breach or alleged breach by Franchisor of any obligation owed by Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of California

(c) No delay or failure by Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.
(e) The rights and obligations of Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of Franchisor and any future successors and assigns of Franchisor.
(f) No modification of this Agreement shall be valid unless it is in writing and signed by both Franchisee and an authorized representative of Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by Franchisee and Franchisor to supersede and replace any prior agreements on these issues between the parties.
(g) The Employee, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

IN WITNESS WHEREOF, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this___ day of __________ 2021.

FRANCHISOR

By:.______________________________

FRANCHISEE:

By:_______________________________
(Franchisee)

By:_______________________________
(Employee)

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "F"
TRANSFER OF FRANCHISE TO A CORPORATION

The undersigned, as Franchisee of the Café under a Franchise Agreement executed on the date set forth below between Franchisee and Sweet Project LLC, as Franchisor, granting Franchisee a franchise to operate at the location set forth below, and the other undersigned shareholders or members of the Corporation, who together with Franchisee constitute all of the Shareholders of the Corporation, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation in accordance with the provisions of Article XX of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other Shareholders of the Corporation intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article XIV thereof, to the same extent as if each of them were Franchisee set forth in the Franchise Agreement and they Jointly and severally personally guarantee all of Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation without the prior written approval of Franchisor and agree that all stock certificates representing shares in the Corporation shall bear the following legend:

"The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated , 20____________between Franchisee and Sweet Project LLC".

3. Franchisee or his designee shall devote his best efforts to the day-to-day operation and development of the Café.

4. ___________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Sweet Project LLC to the same extent as if it were named as Franchisee herein.

Date of Franchise Agreement:

Location of Café:______________________________

____
Name of Corporation
Name:
Title:

In consideration of the execution of the above Agreement, Sweet Project LLC hereby consents to the above referred to assignment on this__day of _______ 2021
SWEET PROJECT LLC
By: ____________________________

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "G"
TELEPHONE NUMBER ASSIGNMENT AGREEMENT
AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Sweet Project LLC upon the following terms;

1. This assignment is made under the terms of Naya Dessert Café Franchise Agreement dated ________ 2021 authorizing Franchisee to do business as "Naya Dessert Café" or "Naya Dessert Café" Café (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone and listing and numbers Franchisee uses in the operation of the Café covered by the Franchise Agreement.
2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event. Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request. Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.
3. The telephone numbers and affiliated listings subject to this assignment are; (to be determined) and all numbers on the rotary series and all numbers Franchisee uses in the Café in the future.
4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.
5. Franchisee appoints Franchisor as his/her attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below. Persons signing this Agreement must check the appropriate space and sign in the appropriate place provided.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THEPROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the __________ day of ___ **2021**

Franchisee

By:

FRANCHISOR:

Signed and accepted as of the____day of _________ **2021**

SWEET PROJECT LLC

By:

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "H"
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
SWEET PROJECT LLC. INCLUDING CHECKS AND ELECTRONIC TRANSFERS

Depositor hereby authorizes and requests __________________. (the "Bank") to initiate debit and credit entries to Depositor's account indicated below drawn by and payable to the order of SWEET PROJECT LLC (the "Company") in checks drawn on such account payable to the Company or by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation. Depositor agrees that the Bank's rights with respect to each such charge shall be the same as if it were a check drawn by the Bank and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever.

Bank Name:,

Bank Address:,

Transit/ABA Number:,

Account Number:____

This authority is to remain in full force and effect until the Company has received written notification from the depositor of its termination in such time and in such manner to afford the Company and Bank a responsible opportunity to act on such request.

Café Address:

Name of Depositor:, . (Please print Franchisee name)

Date Signed

Signature of Depositor

Signature of Depositor (in case more than I depositor)

PLEASE ATTACH ONE VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.

SWEET PROJECT LLC
FRANCHISE AGREEMENT
EXHIBIT "I"
ENTITY INFORMATION DISCLOSURE

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

1. Franchisee is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] other (specify)

State of incorporation/organization
Franchisee entity name_________
Federal Tax Identification Number

2. Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

3. Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

4. The name and address of each Owner is:

Name Address_______________ Number of Shares or Percentage Interest

____
____
____

5. The names, addresses, and titles of Franchisee Owner who will be devoting their full time to the Franchised Café are:

Name Address Title

____
____
____

6. The address where Franchisee's financial records and Entity Documents are maintained is:

7. The General Manager is:

8. Franchisee represents and warrants to Franchisor as an inducement to Franchisor's execution of the Franchise Agreement that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information. Franchisor may request with respect to the partners shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor In addition. Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and

complete in all material respects Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

IN WITNESS WHEREOF, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the Effective Date.

FRANCHISOR

By:_

FRANCHISEE:

By:_

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT B
Sweet Project LLC Audited Financial Statements

SWEET PROJECT, LLC
Audited Financial Statements
Year Ended December 31, 2022

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KAREN A. HAHN, CPA, INC.
CERTIFIED PUBLIC ACCOUNTANT, CERTIFIED VALUATION ANALYST
500 EAST CALAVERAS BLVD. SUITE 333, MILPITAS, CA 95035
OFFICE: 408.263.8888 FAX: 408.263.8808 WWW.KHAHNCPA.COM

Report of Independent Auditor

To the Board of Directors of Sweet Project, LLC

Opinion

I have audited the accompanying financial statements of Sweet Project, LLC (the Company) as of December 31, 2022 and the related notes to the financial statement (the "financial statement").

In my opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am required to be independent of the Company and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement that is free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 statement.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 the Company'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Karen A. Hahn, CPA, Inc.

Milpitas, California
January 13, 2024

Sweet Project, LLC
Balance Sheet
December 31, 2022

	12/31/2022
ASSETS	
Cash	$ 49,700
TOTAL ASSETS	$ 49,700
LIABILITIES & MEMBER'S EQUITY	
LIABILITIES	
Loan From Members	$ 4,552
TOTAL LIABILITIES	4,552
MEMBER'S EQUITY	
Member's Equity	50,500
Retained Earnings	(5,352)
TOTAL MEMBER'S EQUITY	45,148
TOTAL LIABILITIES & MEMBER'S EQUITY	$ 49,700

Sweet Project, LLC
Statement of Income and Member's Equity
For the Year Ended December 31, 2022

	12/31/2022
REVENUE	$ 0
OPERATING EXPENSE	800
Net Income	(800)
BEGINNING MEMBER'S EQUITY	45,948
Member's Contribution	0
ENDING MEMBER'S EQUITY	$ 45,148

Sweet Project, LLC
Statement of Cash Flows
For the Year Ended December 31, 2022

	12/31/2022
Cash Flow from Operating Activities	
Indirect Method:	
Net Income (loss) from Operating Activities	$ (800)
BEGINNING CASH	50,500
ENDING CASH	$ 49,700

See accompanying notes and auditor's report

Sweet Project, LLC
Notes to Financial Statements
December 31, 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sweet Project, LLC (the Company), a California Limited Liability Company, was formed on February 18, 2020, to offer franchising of Naya Dessert Cafe's that engage in the preparation, handling, and serving of specialized desserts, café food, and drink products to the general public.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of the Company's financial statements requires Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the financial statement date and the revenues and expenses for the period then ended. Due to uncertainties inherent in the estimation process, it is reasonably possible that the actual amounts could differ materially from these estimates in the near term.

Cash and Cash Equivalents - The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Revenue Recognition - Revenue is primarily derived from contracts with customers and is recognized in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. Contracts with customers are reviewed at inception and Company has determined contracts contain a single performance obligation.

Revenue is recognized when performance obligations under the terms of the contract with the customers are satisfied. Contracts are evidenced by acceptance of the customer's purchase order and its terms and conditions. A performance obligation represents performance of a contractually agreed-upon task, which may include component services and testing services, among others.

Income Taxes - The Company is taxed as an "S" Corporation under the Internal Revenue Code. Under an S corporation election, the income of the Company flows through to the stockholders to be taxed at the individual level rather than the corporate level. Accordingly, the company will have no federal tax liability as long as the S Corporation election is in effect.

The State of California taxes an S Corporation at a rate of is 1.5% of taxable income, with a minimum tax liability of $800 per year.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments, including cash, certificates of deposit, account receivable, and accounts payable approximate their fair value due to the short term maturities of these instruments.

NOTE 4 - ADOPTION OF NEW REVENUE RECOGNITION STANDARD

The Company implemented the new guidance of FASB ASC Topic 606, Revenue from Contracts with Customers (See Note 2). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in amounts that reflect the consideration the entity expects to be paid for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs-Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Company applied the new guidance using the practical expedient provided in ASC 606 to contracts in progress as of January 1, 2020 and used the modified retrospective method of transition. The adoption of ASC 606 did not result in a change to the accounting for any revenue streams, receivables, or liabilities. No cumulative effect adjustment was required.

NOTE 5 - DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 13, 2024, the date that the financial statements were available to be issued.

NOTE 6 - SUBSEQUENT EVENTS:

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued, January 13, 2024. Management has determined that there are no non-recognized subsequent events that require disclosure.

SWEET PROJECT, LLC
Audited Financial Statements
Year Ended December 31, 2023

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KAREN A. HAHN, CPA, INC.
CERTIFIED PUBLIC ACCOUNTANT, CERTIFIED VALUATION ANALYST
500 EAST CALAVERAS BLVD. SUITE 333, MILPITAS, CA 95035
OFFICE: 408.263.8888 FAX: 408.263.8808 WWW.KHAHNCPA.COM

Report of Independent Auditor

To the Board of Directors of Sweet Project, LLC

Opinion

I have audited the accompanying financial statements of Sweet Project, LLC (the Company) as of December 31, 2023 and the related notes to the financial statement (the "financial statement").

In my opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am required to be independent of the Company and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement that is free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 statement.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 the Company'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Karen A. Hahn, CPA, Inc.

Milpitas, California
January 15, 2024

Sweet Project, LLC
Balance Sheet
December 31, 2023

	12/31/2023
ASSETS	
Cash	$ 50,900
TOTAL ASSETS	$ 50,900
LIABILITIES & MEMBER'S EQUITY	
LIABILITIES	
Loan From Members	$ 4,552
TOTAL LIABILITIES	4,552
MEMBER'S EQUITY	
Member's Equity	50,500
Retained Earnings	(4,152)
TOTAL MEMBER'S EQUITY	46,348
TOTAL LIABILITIES & MEMBER'S EQUITY	$ 50,900

Sweet Project, LLC
Statement of Income and Member's Equity
For the Year Ended December 31, 2023

	12/31/2023
REVENUE	$ 2,000
OPERATING EXPENSE	800
Net Income	1,200
BEGINNING MEMBER'S EQUITY	45,148
Member's Contribution	0
ENDING MEMBER'S EQUITY	$ 46,348

Sweet Project, LLC
Statement of Cash Flows
For the Year Ended December 31, 2023

		12/31/2023
Cash Flow from Operating Activities		
Indirect Method:		
Net Income (loss) from Operating Activities	$	1,200
Cash Flow Provided (Used) by Financing Activities:		
Increase (Decrease) in Contributions		0
Total Cash Flow Provided (Used) by Financing Activities:		0
BEGINNING CASH		49,700
ENDING CASH	$	50,900

See accompanying notes and auditor's report

Sweet Project, LLC
Notes to Financial Statements
December 31, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sweet Project, LLC (the Company), a California Limited Liability Company, was formed on February 18, 2020, to offer franchising of Naya Dessert Cafe's that engage in the preparation, handling, and serving of specialized desserts, café food, and drink products to the general public.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of the Company's financial statements requires Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the financial statement date and the revenues and expenses for the period then ended. Due to uncertainties inherent in the estimation process, it is reasonably possible that the actual amounts could differ materially from these estimates in the near term.

Cash and Cash Equivalents - The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Revenue Recognition - Revenue is primarily derived from contracts with customers and is recognized in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. Contracts with customers are reviewed at inception and Company has determined contracts contain a single performance obligation.

Revenue is recognized when performance obligations under the terms of the contract with the customers are satisfied. Contracts are evidenced by acceptance of the customer's purchase order and its terms and conditions. A performance obligation represents performance of a contractually agreed-upon task, which may include component services and testing services, among others.

Income Taxes - The Company is taxed as an "S" Corporation under the Internal Revenue Code. Under an S corporation election, the income of the Company flows through to the stockholders to be taxed at the individual level rather than the corporate level. Accordingly, the company will have no federal tax liability as long as the S Corporation election is in effect.

The State of California taxes an S Corporation at a rate of is 1.5% of taxable income, with a minimum tax liability of $800 per year.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments, including cash, certificates of deposit, account receivable, and accounts payable approximate their fair value due to the short term maturities of these instruments.

NOTE 4 - ADOPTION OF NEW REVENUE RECOGNITION STANDARD

The Company implemented the new guidance of FASB ASC Topic 606, *Revenue from Contracts with Customers* (See Note 2). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in amounts that reflect the consideration the entity expects to be paid for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs-Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Company applied the new guidance using the practical expedient provided in ASC 606 to contracts in progress as of January 1, 2020 and used the modified retrospective method of transition. The adoption of ASC 606 did not result in a change to the accounting for any revenue streams, receivables, or liabilities. No cumulative effect adjustment was required.

NOTE 5 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 15, 2024, the date that the financial statements were available to be issued.

NOTE 6 - SUBSEQUENT EVENTS:

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued, January 15, 2024. Management has determined that there are no non-recognized subsequent events that require disclosure.

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C
Table of Contents for the Operations Manual

Table of Contents

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
Addendum for State Specific Requirements

Addendum for State Specific Requirements

General

California may have statutes [Bus. & Prof. Code Section 20000-20043] that supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise. California may have court decisions that may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise.

Some states have statutes that limit our ability to restrict your activity after the franchise agreement has ended. Other states have court decisions limiting our ability to restrict your activity after the franchise agreement has ended.

A provision in the franchise agreement that terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code.

California Addendum

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

California Business and Professions Code Section 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.

Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner, before we ask you to consider a material modification of your franchise agreement.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the franchise disclosure document. Pursuant to California Corporations Code § 31119, it is unlawful to sell any franchise in this state that is subject to registration under this law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 DAYS PRIOR TO EXECUTION OF AGREEMENT. Nothing in this division shall be construed to prevent a franchisor from providing copies of the franchise disclosure documents to prospective franchisees through electronic means pursuant to any requirements or conditions that may be imposed by rule or order of the commission.

The highest interest rate allowed by California for late payments is 10% annually.

Franchisees must sign a personal guarantee, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guarantee will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

Under California Corporations Code § 31512.1, any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

Neither We nor any person identified in Item 2 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 the persons from membership in that association or exchange.

You must sign a general release of claims if you transfer your franchise. California Corporations Code §31512 voids a waiver by the person acquiring a franchise of certain rights under the Franchise Investment Act (California Corporations Code §§3100 through 31516). Business and Professions Code §20010 voids a waiver of certain rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must resolve disputes through binding arbitration. The arbitration will occur at San Francisco, California, USA, with the costs of arbitration being assigned at the discretion of the arbitrator. 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.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, We will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The Franchisor's website address is: www.nayadessertcafe-geary.com

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E
Outlets as of the date of this Disclosure Document and Those Who Have Left the System

Outlets as of September 1, 2021

Location	Owner	Phone	Email	Address
None				

Franchisees Signed, but not yet opened:

Location	Owner	Phone	Email	Address
None				

Franchisees terminated, not renewed, or otherwise left the system or have not communicated with us within 10 weeks of the issuance date:

Location	Owner	Phone	Email	Address
None				

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
List of State Administrators

<u>**List of Agents for State Franchise Administrators**</u>

<u>This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws.</u>

State	**State Agency**	**Agent for Service of Process**
California	**Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (866) 275-2677**	**Commissioner of the Department of Financial Protection and Innovation**

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT G
Agents for Service of Process

List of Agents for Service of Process

The agent for service of process for Sweet Project LLC is Phornthip Korkiatnun, 535 Geary St., Apt. 506, San Francisco, CA 94102.

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT H
State Effective Dates

State Effective Dates

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

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

State	**Effective Date**
California	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

SWEET PROJECT LLC
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT I
Receipts

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Sweet Project LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Sweet Project 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and California Department of Business Oversight.

Sweet Project LLC's sales agent for this offering is Phornthip Korkiatnun, 535 Octavia Street, San Francisco, CA 94102 (415-990-5527).

Issuance date: December 31, 2023

I received a disclosure document dated ____________, that included the following Exhibits:

A. Sweet Project LLC Franchise Agreement
B. Sweet Project Audited Financial Statements for 2020.
C. Guarantee Agreement
D. Conditional Lease Assignment Provisions
E. Site Location Addendum
F. Confidential and Non-Competition Agreement
G. Transfer of Franchise to a Corporation
H. Telephone Number Assignment and Power of Attorney
I. Authorization to Honor Charges Drawn By and Payable to Sweet Project LLC
J. Entity Information Disclosure
K. Table of Contents for the Operations Manual
L. Addendum for State Specific Requirements
M. Outlets as of the date of this Disclosure Document and Those Who Have Left the System
N. List of State Franchise Administrators
O. List of Agents for Service of Process
P. State Effective Dates
Q. Receipts

Date:_____________ Your name (Please print): ____

Your signature:____

You should return one copy of the signed receipt either by signing, dating, and mailing it to Sweet Project LLC at 535 Octavia Street, San Francisco, CA 94102. You may keep the second copy for your records.

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