Sweetspot

FRANCHISE DISCLOSURE DOCUMENT

Sweetspot Franchising LLC
a Delaware limited liability company
17 Faye Lane
Mt. Pleasant, South Carolina 29464
203-200-0618
www.sweetspotfarms.com
franchise@sweetspotfarms.com

The franchise offered is for a cannabis dispensary store operated under the "Sweetspot" trademark that offers and sells either or both recreational and medicinal cannabis products, cannabidiol (CBD) products, and other retail products, using proprietary customer intake and educational procedures and other methods of operation. Medical and recreational marijuana products may not be sold in all states and both are prohibited under federal law which may preempt state laws that allow for their use.

The total investment necessary to begin operation of a Sweetspot cannabis dispensary franchise ranges from $695,825 to $1,575,325. This includes $40,000 to $117,500 that must be paid to the franchisor or its affiliates.

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**.

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

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Eugenia Tzoannopoulos at 17 Faye Lane, Mt. Pleasant, South Carolina 29464, etzoannopoulos@sweetspotfarms.com, and 203-200-0697.

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

Issuance Date: April 25, 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 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 Sweetspot Dispensary store 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 Sweetspot Dispensary franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey 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. **Short 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.

4. **Legality of Cannabis Sales**. Not all states permit the sale of marijuana products for either medical or recreational use, and both are illegal under federal law. State laws that allow for the sale may be preempted by federal law and the federal government could enforce the law and have you cease to operate, and/or seize your business and the products, which may result in loss of your investment.

5. **Limited State Licenses**. States that allow for the sale of the marijuana products are heavily regulated with strict requirements and are only allowed to give out so many cannabis dispensary licenses to operate a cannabis store in the state. You should check the availability of a license, before you invest in this franchise.

6. **Product Restrictions**. State laws are subject to change and may impose new regulations that may impact the availability of cannabis products, or terminate specific sales or product lines. This may reduce the anticipated profit of your franchise business.

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

8. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for

the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

TABLE OF CONTENTS

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

To simplify the language in this Disclosure Document, the "Company," "we," "us," "our," or the "Franchisor," means Sweetspot Franchising LLC. "You," "your," or the "Franchisee," means the person, corporation, limited liability company, partnership, or other business entity that buys the franchise. If you are a corporation, limited liability company, partnership, or other entity, these terms also include your shareholders, members, partners, and any other owners, all who must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

The Franchisor

We are a Delaware limited liability company formed on May 3, 2022. Our principal business address is 17 Faye Lane, Mt. Pleasant, South Carolina 29464. We do business only under our company name and "Sweetspot". We began offering Sweetspot cannabis dispensary franchises in July 2022. We do not conduct business in any other line of business nor do we offer franchises in any other line of business.

Our agents for service of process are disclosed on Exhibit B.

Predecessors, Affiliates, and Parents

Although we have never operated Sweetspot cannabis dispensary stores of the type being franchised under this Disclosure Document, our affiliates currently operate 4 Sweetspot cannabis dispensary stores. B1 Earthgroup LLC has operated a Sweetspot medicinal cannabis dispensary store in Olney, Maryland, since April 2019. ME Plant Based Therapy LLC has operated a Sweetspot recreational cannabis dispensary store in Portland, Maine, since November 2021. Our affiliate Sweetspot Dispensary, LLC opened a medical dispensary store in Voorhees, New Jersey in November 2022, which dispensary became approved to operate as a recreational dispensary in April 2023. Our affiliate Plant Based Compassionate Care, LLC opened a recreational dispensary store in Exeter, Rhode Island in December, 2022.

Our affiliate, JBE Industries LLC ("JBE Industries"), has operated a growing, cultivation, and processing facility since February 2018. JBE Industries may provide products or services to you. The principal business address of JBE Industries is 100 Pioneer Avenue, Warren, Rhode Island 02888. JBE Industries does not currently and has never offered franchises in any line of business

Our parent is Sweetspot Brands LLC, which was formed on January 30, 2019 ("Sweetspot Brands"). Sweetspot Brands may also provide products or services to you, and therefore would be an affiliate of ours as well. The principal business address of Sweetspot Brands is 5 Ann Court, Warren, Rhode Island 02885. Sweetspot Brands does not currently and has never offered franchises in any line of business.

No parent, predecessor, or affiliate of ours offers, or has offered, franchises in any line of business or provides products or services to you, except as provided above.

The Business

We offer franchises for the establishment, development, and operation of cannabis dispensary stores that offer and sell either or both recreational and medicinal cannabis products, cannabidiol (CBD) products, and other retail products, using proprietary customer intake and educational procedures and other methods of operation. The actual products and services that you may offer for sale from your cannabis dispensary store, and whether your store is a recreational, medicinal, or hybrid dispensary, may vary under applicable laws and our current standards. In Maryland, only medical cannabis products may currently be sold. These franchises will be operated under the "Sweetspot" and "Sweetspot Dispensary" trademarks and logo and other trademarks, trade names, service marks, and commercial symbols we may authorize (the "Marks"). These recreational, medicinal, or hybrid cannabis dispensary businesses are referred to in this Disclosure Document as a "Store".

The System

You will operate your Store using our unique operating system, which includes our proprietary and personalized retail experience (featuring our customer intake process including starter quiz for new customers, customer educational procedures, and post-sale customer follow-up procedures), recreational or medicinal cannabis products, cannabidiol (CBD) products, and other retail products, and other methods of operation, and other know-how, information, materials, software, trade secrets, trade dress, and confidential information, as well as our standards, designs, methods of trademark and service mark usage, and research and development (the "System"). We may change or otherwise modify the System at any time as we see fit.

The Store you operate may only provide the products and services we authorize and which you are licensed to offer and sell under applicable law. Typically, your Store will focus on the sale of recreational cannabis products, cannabidiol (CBD) products, and other retail products, but may also or instead offer medicinal cannabis products depending on applicable law and our current standards. Your Store must also offer the retail experience and services we require, which include a customer intake process including starter quiz for new customers, customer educational procedures, and post-sale customer follow-up procedures. You must follow all of our policies and procedures when operating your Store, including offering the products or services we specify. We can add to, modify, or delete any products or services that you must offer or sell at any time as we determine, and change and modify our policies.

We prefer franchisees to be involved in the daily operations of the Store. In any event, your Store must be directly supervised by a Manager (who may be the owner-operator) who will be responsible for the operation of the Store. Depending on the size of your Store, your Store may also require additional staff. Although no prior experience in owning or operating a cannabis business is required, we are looking for franchisees who have some prior business management experience or other leadership experience and have a passion for health and wellness.

Franchise Agreement

Before granting a franchise, you must meet our current application requirements, including minimum liquid capital amounts, background checks, credit checks, and interview process, including for every person with a financial, profit-sharing, or management interest in the Store. If we grant you a Sweetspot cannabis dispensary franchise, you must sign our standard franchise agreement, which is attached to this Disclosure Document as Exhibit F (the "Franchise Agreement").

The Franchise Agreement grants you the right to operate 1 Store within your Designated Territory, which you will operate from an approved retail location located within your Designated Territory. You may not operate an additional Store unless you acquire additional franchise rights from us and sign another Franchise Agreement. However, some states may restrict you from operating multiple cannabis dispensary stores or have quotas on the number of available licenses.

Market and Competition

The target market for your Store includes individuals 21 years of age or older, or as otherwise permitted by state law, who seek products in the form of regulated and non-regulated flower strains, concentrates and tinctures, edibles and beverages, topicals and oils, and other related products containing raw, manufactured, and/or extracted cannabis for recreational or medicinal use.

The market for retail stores catering to individuals seeking cannabis products is considered a highly emerging market. The market for cannabis products is relatively new and developing, and the public perception and understanding of cannabis is rapidly developing. You will compete with other cannabis dispensaries offering similar products, most of which will be independently owned and operated and which may not be part of a larger system of dispensaries or may be owned and operated by large, multi-state operators. You may also compete with other retail stores that may sell cannabis products along with non-cannabis products, including cannabidiol (CBD) products. Even if your Store only offers recreational cannabis products, you may still compete with medicinal dispensary stores, which, depending on the state, may not be subject to the same consumer sales restrictions that recreational cannabis dispensary stores are. The availability of a license to operate a Store in a particular state may vary. Your Store may experience fluctuating stock depending on the availability of the above-referenced products, however, the cannabis industry is otherwise not generally seasonal.

Industry-Specific Regulations

Businesses in the cannabis industry are considered highly regulated. The federal Controlled Substances Act (21 U.S.C. §§ 801-904) and The Food, Drug and Cosmetics Act (21 U.S.C. §§ 301-399i) prohibit individuals and businesses from manufacturing, distributing, dispensing, possessing, or using cannabis. Cannabis is a Schedule I controlled substance under federal law. Some, but not all, states have legalized the sale, possession, or use of cannabis for recreational or non-recreational (medicinal) purposes. Because these state laws conflict with federal law, a state law permitting the sale, possession, or use of cannabis may be preempted by federal law. It is also possible that a federal agency may enforce federal laws despite these state laws, including as they apply to your Store.

You must obtain all required licenses and permits to operate your Store. You, and anyone with a financial, profit-sharing, or management interest in the Store, must comply with all applicable laws and regulations during the opening and operation of your Store, which include cannabis-specific state and local licensing requirements, banking laws (including anti-money laundering statutes), any employee training requirements (including fake ID/counterfeit cash), and laws affecting the transportation and delivery of cannabis. Retailers of cannabis products (especially recreational marijuana dispensaries) are subject to highly specific local and state rules about how they may operate, which differ state-to-state. These local and state rules often include restrictions on the location of a dispensary; hours of operation for retail cannabis sellers; maximum sale amount per adult customer; restrictions on the sale of non-cannabis products at cannabis dispensaries; requirements that consumers leave a retail location with their purchases in child-resistant packaging (known as exit packaging); requirements related to the design of the dispensary; advertising, signage, display, point-of-sale, and price restrictions and disclosures for retail sales of cannabis products; and facility and security requirements for licensed premises. Because cannabis is a Schedule I controlled substance under federal law, there are restrictions on what expenses may be deductible when filing an annual tax return, and limitations on banking that may not apply to other kinds of businesses. There may also be limitations on the transfer of a cannabis-related license to other individuals or entities. For example, if you decide you do not want to operate your Store anymore, there may be limitations on the transfer of licenses to anyone who has not obtained the requisite license from the state agency.

You must comply with all applicable laws, even if doing so substantially alters the operation of your Store, terminates specific product or services lines, or imposes new or additional costs. This is not a comprehensive list of the laws applicable to your Store, and because of the rapid pace of change in this industry, new laws may be enacted, or existing laws may be repealed or changed. You must investigate federal, state, and local laws to ensure continued compliance. We recommend that you speak to an attorney about the laws applicable to your Store.

ITEM 2.
BUSINESS EXPERIENCE

Jason Webski (Chief Executive Officer)

Jason Webski has been the Chief Executive Officer of our organization since it was formed in May 2022. Since August 2017, he has been the Chief Executive Officer of our parent, Sweetspot Brands LLC. From August 2015 to August 2017, Jason was Vice President of Marketing of Ethona LLC, located in Anaheim, California.

Carl Allison (Chief Financial Officer)

Carl has been the Chief Financial Officer of our organization since it was formed in May 2022. Since May 2017, he has been the Chief Financial Officer of our parent, Sweetspot Brands LLC.

Benjamin Herbst (Chief Business Development Officer)

Ben has been the Chief Business Development Officer of our organization since it was formed in May 2022. Since January 2017, he has been the Chief Business Development Officer of our parent, Sweetspot Brands LLC.

Blake Costa (Chief Operating Officer)

Blake has been the Chief Operating Officer of our organization since it was formed in May 2022. Blake has been the Vice President of Operations of our parent company, Sweetspot Brands LLC, since it was formed in January 2019. From August 2017 to August 2018, he was the Director of Security and Safety for our affiliate, JBE Industries LLC, located in Warwick, Rhode Island. Since August 2018, he has also been the Vice President of Operations of our affiliate, JBE Industries LLC, located in Warren, Rhode Island. Since March 2013, Blake has also been a medic for the Army National Guard, located in Providence, Rhode Island.

Eugenia Tzoannopoulos (Franchise Director)

Eugenia has been the Franchise Director of our organization since it was formed in May 2022. Since January 2022, Eugenia has been the Franchise Director for Sweetspot Brands, LLC. From July 2017 to November 2021, she was the Regional Director – New England for Massage Envy Franchising LLC, located in Scottsdale, Arizona.

Thomas Lew (Marketing Director)

Thomas has been the Marketing Director of our organization since it was formed in May 2022. Since January 2022, Thomas was the Marketing Director for Sweetspot Brands, LLC. From January 2017 to January 2022, he was the owner of Tom Lew LLC, a media and entertainment company located in New York, New York. Since July 2016, he has also been the owner of Egg Studios LLC, a media and entertainment company located in New York, New York.

Peter Franklin (Vice President of Retail Operations)

Peter has been the Vice President of Retail Operations of our organization since it was formed in May 2022. In August 2019, Peter began working as the General Manager of our affiliate, B1 Earthgroup LLC, located in Olney, Maryland, before becoming the Vice President of Retail Operations for our parent company, Sweetspot Brands LLC, in November 2021. He also works as the Vice President of Retail Operations for each of our affiliates who are operating Sweetspot dispensary stores. From February 2016 to August 2019, Peter was the Course and Construction Manager for Tough Mudder LLC, located in Brooklyn, New York.

Bryan Edward Lucas (General Counsel)

Bryan has acted as the General Counsel of our organization since it was formed in May 2022. Since January 2022, Bryan has acted as the General Counsel and Director of Government Affairs for our parent, Sweetspot Brands LLC. Since October 2020, Bryan has also served as a Judge Advocate in the U.S. Army Reserve, and is assigned to the 4th Legal Operations Detachment at Joint Base McGuire-Dix-Lakehurst in Fort Dix, New Jersey. From September 2016 to January 2022, he served as a Deputy Attorney General and Special Assistant to the Director for the State of New Jersey, Office of the Attorney General, Division of Law, in Newark and Trenton, New Jersey.

ITEM 3.
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

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

ITEM 5.
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $40,000 for a Store (the "Initial Franchise Fee"), due and payable when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us when you sign the Franchise Agreement. It is nonrefundable and is not credited against any other obligation you have to us.

Initial Training Program

You, and your Manager if your Store is not owner-operated, must successfully complete our Initial Training Program before you open our Store. We do not charge for the Initial Training Program for the first 3 attendees attending the Initial Training Program together before you open your Store (including you and your Manager, or if you are the Manager, then you and at least 1 other employee), but the charge for any additional attendee(s), whether attending together or separately, is $250 per attendee. You must have at least 2 different people complete the Initial Training Program. These amounts are nonrefundable and are payable before the training begins.

Grand Opening Program

You must spend a minimum of $10,000 on the grand opening of your Store during the 30-day period before and after the opening of your Store (the "Grand Opening Program"). You must obtain our approval of the Grand Opening Program before implementation, and you must submit to us upon our request receipts of your Grand Opening Program expenditures. If you fail to spend the minimum required amount on the Grand Opening Program, we may require you to pay us the difference between what you actually spent on the Grand Opening Program and the minimum that you were required to spend on the Grand Opening Program and we can then spend it in your market area. This amount is nonrefundable.

Cannabis Products, Packaging, and Ingredients for Resale

If we or our affiliate operate a grow facility in your state, or a grow facility that is otherwise permitted under state and federal law to distribute and sell to you cannabis ingredients and products (wherever located), then we will require that you purchase from this grow facility (or its authorized distributor) certain cannabis ingredients and products for resale that we or our affiliate may grow and cultivate or otherwise make available for distribution and sale in your state. If we or our affiliate have a grow facility in your state or that is otherwise permitted to distribute and sell to you cannabis ingredients and products, we anticipate that your initial opening inventory of these items that you must purchase from us or our affiliate will range from $33,750 to $67,500. These amounts would be nonrefundable.

ITEM 6.
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	4% of monthly Gross Sales	10th day of each month for the prior month	(Note 1)
Brand Fund Contribution	Up to 1% of monthly Gross Sales	10th day of each month for the prior month	We have not instituted the Brand Fund Contribution but can on 60 days' notice to you. (Note 2)
Local Marketing Spend	1% of annual Gross Sales	Upon demand	(Note 3)
Regional Advertising Cooperative Contribution	Up to 1% of monthly or annual Gross Sales	As incurred	Payable if we require you to participate in a local or regional advertising cooperative (credited towards your local marketing spend requirement).
Technology Fee	Currently, $150 per month	10th day of each month for the prior month	(Note 4)
Mandatory and Optional Training Fees	Currently, $250 per attendee per training session, plus travel and related expenses	As incurred (before training begins)	(Note 5)
Conference Fee	Currently, $250 per person	90 days before the conference	(Note 6)
Ongoing Purchases	Varies depending on the type and quantity purchased	Upon demand	We may make available for optional or mandatory purchase certain services, supplies, inventory (including cannabis products), and marketing materials.
Relocation Fee	$20,000	Upon demand	Payable only if you relocate your Store.
Renewal Fee	$20,000	At least 30 days before the term of your Franchise Agreement expires	Payable only if you want to renew your franchise.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	$20,000	Before you transfer your franchise	Payable only if you seek to sell or transfer your Store or an interest in it or you.
Operations Manual Replacement Fee	$250	Upon demand	Payable only if you need to replace your lost or destroyed Operations Manual.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law	As incurred	Payable on all overdue amounts.
Audit	Cost of audit	Upon demand	Payable only if we audit your records and the audit shows an understatement of at least 2% of Gross Sales for any month.
Insufficient Funds	Varies	As incurred	An insufficient funds fee is due any time an EFT withdrawal is denied due to insufficient funds in your account.
Insurance Policies	Amount of unpaid premiums plus our expenses for obtaining the policies required	As incurred	Payable only if you fail to maintain the types and limits of insurance that we require for your Store.
Indemnification	Varies	As incurred	You must reimburse us if we are sued or held liable for claims arising from your Store.
Non-Compliance Fee	Up to $500 per incident, plus damages and cost of enforcement or defense	As incurred	Payable only if you fail to comply with a mandatory System requirement or specification and you do not timely cure the default.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees	As incurred	Payable only if we retain counsel following your breach of any obligation you have to us, or if we are successful in defending any claim you bring against us.

All fees are paid to us and are nonrefundable (except as provided below). All fees are uniform for all new franchisees. None of these fees or other amounts are currently imposed by a cooperative. You must pay fees and other amounts due to us via electronic funds transfer or other means that we may require. To implement this procedure, you must sign an agreement authorizing us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Sales to us for any reporting period, we can, at our option, debit your account for the greater of: (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Sales was provided to us; (b) the amount due based on information we have regarding your business activities; or (c) 110% of the fees transferred from your account for the same period in the prior year. A sample form of this authorization is attached to this Disclosure Document as Exhibit G.

"Gross Sales" means the total amount of revenues, income, receipts, and other fees related to the sale of products or services (including amounts for direct delivery or sale and sales to consumers through third-party online ordering or delivery service providers) through the operation of the Store and any other amounts from all business activities taking place by, at or through the Store, or otherwise related to the Store. Gross Sales also includes the greater of the full suggested or regular retail price for any products or services given away or provided at a discount through the operation of the Store (including by any buy-one-get-one offers, sales, clearance, coupons, promotions, or otherwise), even if you did not receive that revenue from the transaction, other than discounts of up to 20% of the suggested or regular retail price, as applicable. Excluded from Gross Sales are customer refunds you actually make and amounts collected and remitted by you to any governmental taxing authority in satisfaction of sales or occupation taxes but no other amounts incurred by you, and in no event will charges by third-party online ordering or delivery service providers, credit card merchant or processing fees, or any other expenses decrease Gross Sales.

If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or Delaware income taxes we or our affiliates have to pay.

Note 1. The Royalty Fee is due and payable beginning on the 10th day of each month following the first full month after the opening of the Store for the prior full month and any prior partial month and continuing thereafter for each subsequent month.

Note 2. If we institute the Brand Fund Contribution, it will be due and payable beginning on the 10th day of each month following the first full month after the opening of the Store for the prior full month and any prior partial month and continuing thereafter for each subsequent month. Brand Fund Contributions received will be deposited into the System Brand Fund.

Note 3. In addition to any Brand Fund Contribution, you must spend at least 1% of the annual Gross Sales of your Store during each year on approved local marketing activities (see Item 11). If you do not meet this annual requirement by the end of any year, we may require you to pay to us the difference between what you actually spent on approved local marketing during the year and the minimum that you were required to spend on approved local marketing during the year. We may then spend such amount in your market area on marketing activities we determine are appropriate. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Store, such as in-store materials and signage or banners, will not count towards these minimum expenditure requirements. Amounts you spend for the Grand Opening Program will not count towards these minimum expenditure requirements.

Note 4. The Technology Fee is to offset our expenses incurred in implementing and supporting franchisee technology that we provide, which may include intranet development and maintenance, learning management systems, website listing or subdomain on our or our affiliate's website, social media management, up to 5 email addresses for the Store and its Managers, payment systems, software and application development, and other or technology services that we may provide. As of the date of this Disclosure Document, this Technology Fee is $150 per month. We may change the Technology Fee upon 60 days' notice to you. You will still need to purchase or subscribe for various additional technology for your Store.

Note 5. We may periodically provide mandatory training, including if we determine you or your Manager are not meeting our standards, or if we require you to offer additional or different products or services from your Store. If we provide it, you or one of your staff members that we approve must attend the training. Any new Manager of your Store must complete the Pre-Opening Training portion of our Initial Training Program before working at the Store (to be conducted virtually or another location that we designate, in our discretion). We may periodically also provide optional training. You must pay us our then-current training fee for these mandatory and optional trainings. Our current training fee for these additional trainings is $250 per attendee per training session as we may require. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your employees incur in attending any training.

Note 6. When we begin holding conferences for our franchisees, you must attend those conferences. You must pay this fee to cover the cost of that registration, regardless of whether you attend the conference. We currently anticipate the registration fee will be $250 per person, but this amount will likely increase as our costs increase to hold these conferences.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	**Low Amount**	**High Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (Note 2)	$40,000	$40,000	Lump sum	Upon signing Franchise Agreement	Us
Lease Payments – 3 Months (Note 3)	$15,000	$60,000	As incurred	Monthly	Landlord
Security Deposit (Note 3)	$5,000	$60,000	Lump sum	Before opening	Landlord
Store Design and Build-Out Costs (Note 4)	$200,000	$472,500	As incurred	Before opening	Suppliers
Furniture, Fixtures & Equipment (Note 5)	$45,000	$75,000	As incurred	Before opening	Suppliers
Signage & Décor (Note 6)	$15,000	$35,000	As incurred	Before opening	Suppliers
Technology Hardware, Security System, and Vault (Note 7)	$110,000	$160,000	As incurred	Before opening	Us, affiliates, and suppliers

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	**Low Amount**	**High Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Opening Inventory (Note 8)	$75,000	$150,000	As incurred	Before opening	Us, affiliates, and suppliers
Miscellaneous Opening Supplies (Note 9)	$5,000	$10,000	As incurred	Before opening	Suppliers
Grand Opening Program (Note 10)	$10,000	$20,000	As incurred	Before opening	Us or suppliers
Insurance (Note 11)	$3,000	$6,000	Lump sum	Before opening	Suppliers
Cannabis License (Note 12)	$10,000	$100,000	Lump sum	Before opening	Government agencies
Other Permits and Licenses	$1,000	$5,000	Lump sum	Before opening	Government agencies
Professional Service Fees	$5,000	$20,000	As incurred	As incurred	Suppliers
Pre-Opening Training Expenses (Note 13)	$2,000	$6,000	As incurred	Before opening	Suppliers
Utility Costs, Deposits, and Lease/Landlord Holding Fee (Note 14)	$1,000	$52,000	As incurred	Before opening	Suppliers
Technology Fees and Technology Services – 3 Months (Note 15)	$3,825	$3,825	Monthly	Monthly	Us and suppliers
Additional Funds – 3 Months (Note 16)	$150,000	$300,000	As incurred	As incurred	Us, suppliers, and government agencies
Total (Note 17)	**$695,825**	**$1,575,325**			

Note 1. This table is an estimate of your initial investment to start a Store from a leased space with at least 15 parking spaces, drive-through access, and rear delivery door, and which is located in a retail or commercial area with a population density of at least 30,000 people within a 3-mile radius. These estimates assume your leased space is between 1,200 and 3,500 square feet. None of these payments are refundable (except as provided below). These estimates are based on the experience of our affiliates in opening Sweetspot cannabis dispensary stores in Maine, New Jersey, Rhode Island and Maryland. The Maryland store currently only offers medical cannabis products.

Note 2. The Initial Franchise Fee is described in Item 5. If you do not already have a valid cannabis dispensary license from your local and state governmental authority, as applicable to your Store, you must meet the following deadlines:

- Within 30 days of the date you sign your Franchise Agreement, you must apply for your cannabis dispensary license or if the state in which your dispensary will be located has not as of such date opened its application process for a cannabis dispensary license, you must provide to us a detailed outline of application strategy and corporate structure meeting our requirements.
- Within 120 days of the later of the date you sign your Franchise Agreement or the date the state your dispensary will be located in opens its application process for cannabis dispensary licenses, you must obtain at least conditional approval of your cannabis dispensary license, unless we otherwise agree.
- You must obtain final approval of your cannabis dispensary license within 12 months of the date you obtained conditional approval of your cannabis dispensary license.

If you are unsuccessful in obtaining your cannabis dispensary license, but you were otherwise in compliance with the Franchise Agreement and timely submitted true and complete applications for licensure, you or we can terminate your Franchise Agreement and we will refund $20,000 of the Initial Franchise Fee that you have paid to us upon you signing our standard termination agreement and a general release of us and our affiliates (see Items 5 and 11).

Note 3. These estimates are based on a Store located in a leased space. In general, cannabis store lease rents will typically be higher than traditional retail store lease rents. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and whether you are leasing or buying. If you choose to purchase, rather than rent, real estate on which a building suitable for your Store already is constructed or could be constructed, your real estate costs will be much higher. The prepaid rent is usually nonrefundable. We have assumed you will lease space for your Store and these assumptions are based on our affiliate’s costs in leasing a premise for our Sweetspot dispensary store in the Maryland, Maine, and New Jersey markets; leasing costs will vary in other markets. Our estimates include the first 3 months’ of rent, based on rents ranging from $18 to $40 per square foot (annualized), plus taxes, insurance and common area maintenance fees ranging from $5,000 to $17,000 per month depending upon the size of the space. Our estimates do not include higher lease rates that a landlord may have to amortize a return on any tenant improvements or allowances granted to you.

Our estimates include a security deposit equal to 1 to 3 months’ of your base rent.

Note 4. Our estimates are for leasehold improvements, such as permanent construction items, plumbing, electrical, HVAC system, drywall, and flooring. You will have additional build-out costs if you receive the premises in any other condition than what we have assumed. The amount of your Store design and construction could vary depending upon the need of specific architectural mechanical, electrical, and plumbing drawings as well as labor costs in certain geographic regions such as metropolitan areas. Our estimates do not include any tenant improvements or allowances that you may receive from your landlord, and there is no assurance that you will receive any such tenant improvements or allowances.

Note 5. These estimates are for the minimum furniture, fixtures, and equipment including millwork, racks for storage and inventory, stanchion signs, cabinetry, and countertops; prep room desk; displays, scales, power back-ups, and LED menu boards; and lobby and breakroom furniture and refrigerators that you must obtain to open your Store. Most of these items must meet our specifications, including those related to model, brand, and functionality.

Note 6. These estimates include the required exterior and interior signage, displays, and point-of-sale disclosures. However, recreational marijuana retailers are subject to highly specific rules about how they may operate that differ from state-to-state. These local and state rules may include restrictions on how marijuana is displayed in a licensed retail store, mandatory posting of prices, and required signage inside or outside a retail location. Thus, your costs may vary in your market.

Note 7. You must purchase and use at a minimum in your Store, 4 to 8 point of sale terminals, 1 express check-out kiosk, 2 desktop computers, 4 to 8 receipt printers, 3 label printers, 4 to 8 electronic cash drawers with tablets, 5 monitors, 3 computers, 2-4 televisions to display menus; a security system with at least 10 cameras and vault, a sound system, and a phone system with voicemail. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor unless we designate a specific vendor for an item. These estimates also include the cost of planning, installing, and wiring the security system and a vault that meets the safety features as we may specify. Depending on the size of your Store, or legal requirements, you may need additional technology hardware (including additional point-of-sale systems)..

Note 8. Opening inventory estimates will vary depending upon the geographical area and available suppliers. These estimate include the cost of all cannabis products (flower, concentrates, and edibles) and non-cannabis products including other retail items, branded merchandise, candles, books and other merchandise, that we permit you to sell from your Store. You will need to replenish your stock of inventory as needed.

Note 9. These estimates include miscellaneous opening office supplies, breakroom supplies, and cleaning supplies needed for your Store. You will need to replenish your stock of supplies as needed.

Note 10. You must spend a minimum of $10,000 on the Grand Opening Program for your Store during the 30-day period before and after the opening of your Store. If you fail to spend the minimum required amount on the Grand Opening Program, we may require you to pay to us the difference between what you actually spent on the Grand Opening Program and the minimum that you were required to spend on the Grand Opening Program and we will spend it in your market on advertising activities.

Note 11. You must prepay the insurance premiums for the policies that we require for build-out and the operation of your Store. We currently require you to carry commercial general liability insurance insuring against claims for bodily and personal injury, death, and property damage caused by, or incurred in the operation of, or conduct of business by, you; personal property insurance; builders risk insurance; product liability insurance; business income and extra expense insurance; and workers' compensation insurance. These estimates are for an initial deposit of 3 months for these insurance policies.

Note 12. Cannabis retail licenses fees vary depending upon the state and cannabis regulatory authorities. Although we have included an estimate for these costs, if you are in New York you would have already obtained this license.

Note 13. We do not charge for the Initial Training Program for the first 3 attendees attending together (including you and your Manager, or if you are the Manager, then you and at least 1other employee), but the charge for any other attendee(s) is $250 per attendee. You must have at least 2 different people complete the Initial Training Program. You must also pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all attendees. The low estimate assumes only you, as the owner-operator of your Store, attend the Initial Training Program and that you either drive to training or obtain a discounted airfare and budget hotel accommodations. The high estimate assumes you and 1 other attend the Initial Training Program together and that your travel costs are higher. The Initial Training Program will be held in Rhode Island, virtually, or at another location we specify. Your actual costs will vary depending on the distance to be traveled, your method of travel, and your personal circumstances. Your costs will also be higher if you have additional people attend this training, or if you have people attend a different training session than the one you attend.

Note 14. The low estimate assumes no security deposits or landlord holding fees. The high estimate assumes you have to pay your landlord a holding fee or exclusivity fee to remove the property from the market pending regulatory approval for your Store.

Note 15. The Technology Fee is described in Item 6. In addition to the Technology Fee that is payable to us, we estimate the total cost to acquire or subscribe to the technology services that we require to be approximately $13,500 per year, payable to our approved suppliers. These technology services include online point of sale systems, payment processing, and inventory tracking systems, customer relationship management system, data analytics system, cannabis regulatory technology system and Microsoft Office. These estimates include the first 3 months of the current Technology Fee and your estimated cost for these additional technology services. and

Note 16. This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation of your Store, excluding any salary/distributions you may take, permits and licensure, insurance premiums, local marketing spend, and any fees payable to us. These estimates are based on your Store employing 3 managers and 8 to 10 total customer counselors, inventory specialist, and receptionists based on the prevailing wages in the markets in which our affiliates operate dispensary stores. Salaries may vary in other markets.

Note 17. We do not offer financing for any part of the initial investment. The availability of financing may be limited due to laws restricting or prohibiting the offer, sale, use, or possession of marijuana and the cost of obtaining any financing may be more expensive due to the industry.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Specifications

Most of the inventory and supplies, exit packaging, furniture, fixtures, and equipment (including your vault, cash machine, and pass throughs), design and décor, branded items and signage, computer hardware and software, technology including payment processing services, sound and security system, marketing materials and methods, vehicles, insurance, and products you purchase for use or sale at your Store, must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating, or as they are updated. We may include these specifications in the manual that we provide to you either hard copy or on-line, or we may issue them separately. You must obtain our approval before you use any advertising materials to market your Store. This includes any electronic content. You must also obtain our approval before you establish or have established any web page, social media, and/or social networking site, online directory or online business profile, review or opinion web page or site, avatar, profile, account, or hashtag that refers to us, your Store, or the System.

You can expect that the items you purchase to meet our specifications will represent over 70% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 45% and 55% of your total annual expenses.

Required Purchases and Suppliers

We require you to purchase certain products and inventory (cannabis ingredients and products), supplies, furniture, fixtures, and equipment, technology, services used or offered by your Store, and other items from vendors we approve. We will provide you with a list of approved suppliers. Although we do not currently have an arrangement with any supplier to pay any rebates or other amounts to us based on purchases by our franchisees, we may negotiate these types of arrangements in the future. There are no caps or limitations on the amount of rebates or other amounts we may receive from suppliers as a result of franchisee purchases. We or our affiliates will be the only approved suppliers for some or all of these items, or we may designate a sole supplier of some or all of these items, and in either case we do not intend to approve another supplier for these items. We intend to make a profit on any items or services we sell to you. Neither we nor our affiliates received any payments from franchisees for the purchase or lease of goods or services in our fiscal year ended December 31, 2022. Our officers do not own any interest in any of our suppliers other than any affiliates of ours.

Cannabis Products, Packaging, and Ingredients for Resale

If we or our affiliate operate a grow facility in your state, or a grow facility that is otherwise permitted under state and federal law to distribute and sell to you cannabis ingredients and products (wherever located), then you must purchase from this grow facility (or its authorized distributor) certain cannabis ingredients and products for resale that we or our affiliate may grow and cultivate or otherwise make available for distribution and sale in your state. We may require you to purchase all of these items from this grow facility or a certain minimum portion of your inventory for resale from this grow facility. Under our current requirement you must purchase 50% of your inventory for resale from us or our affiliate. Therefore, your source of certain cannabis ingredients and products for resale may be a different source than used by other Sweetspot franchisees based on the location of your Store and applicable state and federal laws, and may change during the term of your franchise. We or our affiliates may be the only approved suppliers for some or all of these items and we do not intend to approve another supplier for these items. You must purchase from our sole approved suppliers exit packaging for consumers (which may vary by state), point-of-sale system, vault and security systems, data analytics services, e-commerce platform, marketing materials and other graphics, starter kit, and branded merchandise. There is no difference as to the amount of product and inventory you must purchase based on whether your dispensary is selling only recreational products or only medicinal products.

Technology

You must purchase and use at a minimum in your Store, point of sale terminals, receipt printers, label printers, electronic cash drawers with tablets, monitors, computers, an express check-out kiosk, a security system with at least 10 cameras, a sound system, and a phone system with voicemail. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor unless we designate a specific vendor for an item. Unless otherwise approved by us, you must purchase from our sole approved supplier and use our required payment processing systems/point-of-sale systems (including with credit card swiping technology and inventory management system), to process purchase transactions along with customer relationship management system, data analytics system and cannabis regulatory technology system. You must purchase from our sole approved supplier a security system and vault for storing inventory. Depending on the size of your Store, you may need additional technology hardware (including additional point-of-sale systems).

Insurance

Your insurance must meet our specifications, including type, amount, minimum deductibles, insurance carrier rating, additional insured designations, and subrogation waivers. Your insurance policies must name us as an additional named insured, and you must provide us a certificate of insurance before you open your Store. We currently require you to carry commercial general liability insurance against claims for bodily and personal injury, death, and property damage caused by, or incurred in the operation of, or conduct of business by, you ($1 million per occurrence or such other amount required by your landlord); personal property insurance, builder's risk insurance, including property and liability ($1 million per occurrence or $2 million in the aggregate), property insurance ($500,000 or any higher amount required by your landlord), and business income and extra expense insurance ($300,000 in coverage); product liability insurance (amount vary based on sales); and workers' compensation insurance (amounts required by law). We also recommend that you carry directors and officers insurance and employment practices liability insurance.

Approval of Alternative Specifications or Suppliers

If you want to purchase or use items for your Store that differ from our specifications or from a supplier we have not approved, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply meets our specifications and quality standards. We do not impose any fee for our consideration. If we have designated a sole supplier for an item, we will not approve another supplier for that item.

Although we do not make available the criteria we review when approving suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources; would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; whether the supplier is licensed under applicable law to provide the products or services; and is the product of a commercial quality suitable for sale to consumers or use in Sweetspot dispensary stores. We will generally notify you of our approval or rejection within 90 days of our receipt of all the information and samples we request; if we do not notify you within this period, the supplier is deemed rejected. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item, or update our manual accordingly.

Negotiated Prices

We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees.

Material Benefits

We do not provide material benefits, such as renewing or granting additional franchises, based on your use of designated or approved suppliers.

Cooperatives

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

ITEM 9.
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3	Items 7 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
b. Pre-opening purchases/leases	Sections 3, 6, and 13	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3, 8(a) and 9	Items 7 and 11
d. Initial and ongoing training	Section 8	Items 5, 6, and 11
e. Opening	Sections 3(d) and 9	Items 5, 7, and 11
f. Fees	Sections 5, 6, 7, and 9(h)	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 8, 9, and 19	Items 6, 8, 11, 15, 16, and 17
h. Trademarks and proprietary information	Sections 10, 12(d), and 14	Items 13 and 14
i. Restrictions on products/services offered	Sections 9 and 11	Items 8, 11, and 16
j. Warranty and customer service requirements	Section 9	Items 6, 11, and 16
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Section 11	Items 5, 6, and 8
m. Maintenance, appearance, and remodeling requirements	Sections 2(b), 3, 9, 11(a), and 11(b)	Items 5, 6 and 11
n. Insurance	Section 9(b), 13	Items 7, 8, and 11
o. Advertising	Section 6	Items 5, 6, 7, 8, and 11
p. Indemnification	Sections 21(b) and 21(c)	Item 6
q. Owner's participation/ management/staffing	Section 9	Items 11 and 15
r. Records and reports	Section 12(a)	Item 6
s. Inspections and audits	Sections 12(b) and 12(c)	Items 6 and 11
t. Transfer	Section 16	Item 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 19	Item 17
w. Non-competition covenants	Section 15	Items 15 and 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
x. Dispute resolution	Section 20	Item 17
y. Other: Guaranty of franchise obligations	Guaranty (which follows the Franchise Agreement)	Item 15

ITEM 10.
FINANCING

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

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

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

Pre-Opening Assistance

Before you open your Store, we will:

1. Provide you a "search area" in which you must locate your Store (Franchise Agreement – Section 3(a); Franchise Agreement – Rider), assuming you do not have a site for your Store that we have approved at the time you sign the Franchise Agreement.

2. Provide general guidelines to you for the selection of a site for your Store, including one visit to your market area to review any proposed sites you select (Franchise Agreement – Section 3(a)).

3. Define your Designated Territory for your Store (Franchise Agreement – Section 3; Rider).

4. Provide the Initial Training Program, which is comprised of 2 parts: Initial Franchise Training and Pre-Opening Training (Franchise Agreement – Section 8(a)).

5. Loan you a copy of our manuals or license you access to our manuals, which contain various information including mandatory and suggested specifications, standards, and procedures. We may provide the Operations manual electronically only. We may modify any manual periodically in our discretion. (Franchise Agreement – Section 8(f)). As of the issuance date of this Disclosure Document, our Operations Manual contains 243 pages (if offered in print). A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit C.

6. Provide you with a list of the approved, required, and recommended suppliers for certain equipment, inventory and supplies, and services for your Store (Franchise Agreement – Section 11(b)).

7. Provide you with a plan and design for a prototypical Sweetspot store (Franchise Agreement – Section 3(c)) which you must adapt for your Store.

8. Provide our Grand Opening Program that we have approved for your Store, at your expense, including reviewing your grand opening plans and local marketing plans (Franchise Agreement – Section 6).

9. Be available during normal business hours to provide you with reasonable telephone or email assistance during the construction phase of the build-out for your Store (Franchise Agreement – Section 8(b)).

Post-Opening Assistance

During the term of the Franchise Agreement, we will:

1. Be available during normal business hours to provide you with reasonable telephone or email support on operating issues you confront (Franchise Agreement – Section 8(b)).

2. Provide the Pre-Opening Training portion of our Initial Training Program to any new Manager you retain at your Store, at your expense (to be conducted virtually or another location that we designate, in our discretion) (Franchise Agreement – Section 8(a)).

3. Provide additional optional training at your request and expense and additional required training at your expense as needed (Franchise Agreement – Section 8).

4. Provide optional or required on-site training and support at your expense (Franchise Agreement – Section 8).

5. If and when we institute a System Brand Fund, maintain and administer the System Brand Fund (Franchise Agreement – Section 6(b)).

6. Provide or sell to you advertising and marketing materials and forms and templates that you may or must use in the operation of your Store (Franchise Agreement – Sections 6(c) and 8(h)).

7. Maintain a website listing or subdomain on our or our affiliate's website to advertise your Store (Franchise Agreement – Section 6(f)).

8. Provide a list of our approved, required, and recommended suppliers, and sell to you equipment, inventory and supplies, and other services required for your Store, as we may make available (Franchise Agreement – Section 11(b)).

9. Provide you with a chart of accounts that you may use in the operation of your Store (Franchise Agreement – Section 8(h)).

10. We may, at our option, implement pricing policies, such as maximum price policies and minimum advertised price policies, and you must abide by these policies to the extent allowed by law (Franchise Agreement – Section 9(g)). However, we have no obligation to assist you in establishing resale prices.

Training

<u>Initial Training Program</u>

You, and your Manager if your Store is not owner-operated, must successfully complete to our satisfaction our Initial Training Program (Franchise Agreement – Section 8(a)). This training will be held on an as-needed basis as we sell franchises.

The Initial Training Program is comprised of 2 parts: Initial Franchise Training and Pre-Opening Training. The Initial Franchise Training and the Pre-Opening Training must be completed within 30 days after signing the Franchise Agreement. The Initial Training Program must be completed in its entirety before you open our Store.

We do not charge for the Initial Training Program for the first 3 attendees (including you and your Manager, or if you are the Manager, then you and at least 1other employee), but the charge for any other attendee(s) is $250 per attendee. You must have at least 2 different people complete the Initial Training Program. You will also be responsible for all travel and living expenses you and your attendees incur in attending the training. If you or any other attendee fail to complete any portion of the Initial Training Program to our satisfaction, we may terminate the Franchise Agreement and we will not reimburse the Initial Franchise Fee.

The Initial Franchise Training portion of the Initial Training Program will be held virtually or at another location that we designate (typically in Rhode Island), at our discretion. The Pre-Opening Training will be held on-site at your Store or another location in your state, at our discretion. A breakdown of the Initial Training Program is as follows:

TRAINING PROGRAM **INITIAL FRANCHISE TRAINING**			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Sweetspot Company Overview – Organizational Chart	1	0	Virtual or at designated location
Application Assistance	1	0	Virtual or at designated location
Real Estate	1	0	Virtual or at designated location
Design and Construction	2	0	Virtual or at designated location
Inventory Management and Sourcing Products	1	0	Virtual or at designated location
On-Site Visit	6	0	At designated location
Operations/Operations Manual	3	0	Virtual or at designated location
Finance and Accounting	1	0	Virtual or at designated location
Legal	1	0	Virtual or at designated location
Recruiting Management Staff	1	0	Virtual or at designated location
Security and Worker Safety	2	0	Virtual or at designated location

Marketing (Grand Opening, Local Store, CRM, E-commerce platforms)	2	0	Virtual or at designated location
Pre-Opening Training Overview	1	0	Virtual or at designated location
Total Training Time	**23 hours**	**0 hours**	Virtual or at designated location

TRAINING PROGRAM **PRE-OPENING TRAINING**			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
General Orientation	0	1	At your Store
Cannabis 101/Industry Overview	0	4	At your Store
Excellence in Customer Experience – Education and Sales	0	4	At your Store
State/Municipality Regulations	0	3	At your Store
Security and Safety	0	2	At your Store
Inventory Management and Sourcing Products	0	3	At your Store
Recordkeeping and Reporting	0	2	At your Store
Operations	0	4	At your Store
Community Relations	0	2	At your Store
Escalations	0	1	At your Store
Dispensary Management Roles Review	0	3	At your Store
5 Days Post-Open (Open for Business Support)	0	25	At your Store
Total Training Time	**0 hours**	**54 hours**	

As of the issuance date of this Disclosure Document, the instructor in charge of our Initial Training Program is Peter Franklin. Peter has been our Vice President of Operations since May 2022. He has been the Vice President of Retail Operations for our affiliate dispensaries beginning in October 2020. We anticipate having other employees of us or our affiliates participate in conducting the Initial Training Program. Our Operations Manual and software will all be used during the Initial Training Program.

Additional Training

Any new Manager must attend and successfully complete the Pre-Opening Training portion of our Initial Training Program within 30 days of the start of employment or when they begin managing your Store, whichever is earlier (to be conducted virtually or another location that we designate, in our discretion) (Franchise Agreement – Section 8(a)). We charge $250 per attendee for this training. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your employees incur in attending this training.

We may periodically also provide mandatory training (Franchise Agreement – Section 8). If we provide it, you or one of your staff members that we approve must attend the training. We may periodically also provide optional training (Franchise Agreement – Section 8). These additional trainings will be held periodically depending upon the need for the training. You must pay us our then-current training fee for these mandatory and optional trainings. You are responsible for the travel and living expenses you and your employees incur in attending this training. If you request additional on-site training, or you do not meet our standards and we require you to have additional on-site training, you must pay us our then-current daily fee and reimburse us for our travel and lodging expenses (Franchise Agreement – Section 8(e)). Our current training fee for these additional trainings is $250 per attendee per training session as we may require. The cost for this training must be paid before the training begins.

You, or your Manager if your Store is not owner-operated, must train your staff and certify to us that the staff have been trained (Franchise Agreement – Section 9(e)). This training must occur before the staff begin performing services on your behalf.

Site Selection

When you sign a Franchise Agreement, you will receive the right to operate a single Store, which will be located and operated from a retail location you select that is approved by us. Typically, we require that your Store be 1,200 to 3,500 square feet and have at least 15 parking spaces, drive-through access, a rear delivery door, and be located in a retail or commercial area with a population density of at least 30,000 people within a 3-mile radius. The size, location, and features of your Store may vary depending on applicable law and licensure requirements.

If you do not have a location that we have approved for your Store at the time you sign the Franchise Agreement, we will assign you a non-exclusive "search area" in which you must locate your Store (Franchise Agreement – Section 3(a)). Before you open your Store, we will provide general guidelines to you for the selection of sites for your Store, and review any proposed sites you select. It will, however, be your obligation to select the site for your Store that meets our general guidelines and all local and state laws, and to obtain our approval (Franchise Agreement – Section 3). You must submit to us information and materials we require and obtain our approval of the site. The factors we take into consideration when reviewing a site include the size and features of the site, the location and proximity of the site to residential neighborhoods, the demographics of the surrounding area, whether the site is on a main thoroughfare, size and type of the proposed premises, and the surrounding businesses.

Unless we otherwise approve, you must enter into a lease or sublease for the premises of the Store. You must ensure that the Lease Rider attached to the Franchise Agreement is executed by you and the landlord for the Store contemporaneous with the execution of the lease or sublease for the Store and you must provide us with a copy of your lease or sublease and the Lease Rider immediately before signing so that we can confirm they all meet our requirements and then with a fully signed copy once these documents are signed by you and the landlord. We do not conform the premises to local ordinances and building codes or obtain any required permits for you, and we do not construct, remodel, or decorate the premises. You must obtain property control for the approved premises of your Store within 180 days of the date you sign your Franchise Agreement, unless otherwise required by law (Franchise Agreement – Section 3). If you do not we may terminate your Franchise Agreement and retain any amounts you have paid us.

Opening

You may not open your Store until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you and your Manager (if your Store is not owner-operated) have completed our Initial Training Program to our satisfaction and you certify that you have provided all of your employees with the training we require; (3) you have furnished us with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (4) you notify us that all approvals and conditions in the Franchise Agreement have been met; and (5) you have obtained all required permits and licenses. You must open your Store within 12 months of the date you sign the Franchise Agreement. If you do not, we can terminate your Franchise Agreement and, except as provided below, retain all amounts you have paid to us (Franchise Agreement – Sections 3, 8, 9, and 19(a)).

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of your Store will be between 9 months and 12 months. Some factors that may affect this timing include how long it takes you to select a suitable site for your Store and obtaining a lease or sublease, how long it takes you to complete our Initial Training Program, any shortages or delays in obtaining any supplies and inventory, whether, and to what extent, you need to remodel your site, and your ability to secure any necessary licenses, permits, insurance coverage, and financing.

Advertising/Marketing

System Brand Fund

Although we have not as of yet, under the Franchise Agreement, we can require you to contribute to the Sweetspot system-wide brand fund (the "System Brand Fund") a monthly Brand Fund Contribution equal to 1% of the monthly Gross Sales of your Store from the prior month. We can institute this requirement on 60 days' notice to you. We intend that all our franchisees will contribute to the System Brand Fund. But the Sweetspot dispensary stores we or our affiliates own do not contribute to the System Brand Fund.

We will account for the contributions to the System Brand Fund separately from our other revenues, and we will not use them to pay any of our general operating expenses other than our costs of administering the System Brand Fund and for creative services, including salaries and overhead of the individuals performing these tasks. The purpose of the System Brand Fund will be to develop and implement marketing programs and materials that benefit the Sweetspot brand and promote the Marks. This means we may use monies in the System Brand Fund for any purpose that promotes the Sweetspot name, including the creation, production, and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio, and written advertisements; to pay for direct mail and other media advertising, including radio and Internet advertising, Internet search engine campaigns, and the cost to maintain and update our or our affiliate's websites and web pages, and for social media, and social networking sites, profiles and accounts, for the cost of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities (Franchise Agreement – Section 6(b)).

We may create marketing materials in-house or use national, regional, and local agencies. Advertising may be placed in local, regional, or national media of our choice, including print, direct mail, electronic and online advertising, radio, or television. We do not guarantee that expenditures from the System Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. It is our responsibility to determine how these monies are spent. We will not be required to use monies in the System Brand Fund to benefit any individual market. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. As of December 31, 2022, we had not instituted the System Brand Fund.

Any unused amounts in the System Brand Fund in any calendar year will be carried over to the following year. We will use any interest the System Brand Fund earns for marketing before we use any principal. At your request, we will make available to you an annual accounting for the System Brand Fund that shows how the System Brand Fund proceeds were spent for the previous year, but these statements will not be audited. We may, but have no obligation to, loan amounts to the System Brand Fund and can determine the repayment obligation of the System Brand Fund, including interest rate of the loan and repayment terms, as we see fit.

We do not have an advertising council that advises us on advertising policies. If we form one, we anticipate it will only be advisory, as we will make all final decisions as to the use of the System Brand Fund.

Local Marketing

Grand Opening Program

You must spend a minimum of $10,000 on a Grand Opening Program we have approved for your Store during the 30-day period before and after the opening of your Store. We may require you to submit your grand opening plans and local marketing plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity. If you fail to spend the minimum required amount on the Grand Opening Program, we may require you to contribute to the System Brand Fund the difference between what you actually spent on the Grand Opening Program and the minimum that you were required to spend on the Grand Opening Program (Franchise Agreement – Section 6(a)).

Local Marketing Spend Requirement

In addition to the Grand Opening Program, you must spend a minimum of 1% of the annual Gross Sales of your Store during each year on approved local advertising via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. Amounts you contribute to a local or regional advertising cooperative will be credited towards your local marketing spend requirement. If you do not meet this annual requirement by the end of any year, we may require you to contribute to the System Brand Fund the difference between what you actually spent on approved local marketing during the year and the minimum that you were required to spend on approved local marketing during the year. (Franchise Agreement – Section 6(d)). Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Store, such as in-store materials and signage or banners, will not count towards these minimum expenditure requirements. Amounts you spend for the Grand Opening Program discussed above will not count towards these minimum expenditure requirements.

You must obtain our prior approval of all local advertising and marketing you engage in for your Store, whether in your Designated Territory or elsewhere. We will generally notify you of our approval or rejection within 30 days of our receipt of all the information and samples we request; if we do not notify you within this period, the local advertising or marketing is deemed rejected. Your use of the Marks and other materials identifying our brand must be consistent with our approved standards. You may not use the Marks or other materials identifying our brand on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before using any electronic content to market your Store or establishing or having established any web page, social media or social networking site, online directory or online business profile, review or opinion web page or site, avatar, hashtag, profile, or account that refer to us, your Store, or to the System. You must provide us with all passwords for your social media accounts. You are ultimately responsible for ensuring that your advertising and marketing complies with all applicable laws before implementing it. We may also impose prohibitions on you posting or blogging comments about the Store or the System on social media. “Social media” includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools). (Franchise Agreement – Section 6).

Advertising Cooperatives

Although we can require you to, we do not currently require our franchisees to participate in a local or regional advertising cooperative. If we do, we will define the area of membership of the cooperative and determine how much you must contribute to the cooperative (which will not exceed 1% of the Gross Sales of your Store on a monthly or annual basis as we determine). Amounts you contribute to a local or regional advertising cooperative will be credited towards your local marketing spend requirement. If we establish a cooperative in a market serviced by Stores we or our affiliates own, they will participate in the cooperative too. We will be responsible for administering any cooperatives (Franchise Agreement – Section 6(e)). We do not anticipate any cooperatives will operate from governing documents or prepare annual or periodic financial statements, but if they do, we will make them available to you upon request. We have the power to form, change, dissolve, or merge these cooperatives.

Software and Computer Equipment

Technology Hardware

You must purchase and use at a minimum in your Store, 4 to 8 point of sale terminals, 4 to 8 receipt printers, 3 label printers, 4 to 8 electronic cash drawers with tablets, 5 monitors, 3 computers, express check-out kiosk, 2 desktop computers, a security system with at least 10 cameras and vault, a sound system, and a phone system with voicemail. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor unless we designate a specific vendor for an item. You will use the computer for payment processing, perform accounting functions, complete forms and reporting, maintain financial information, produce reports, email correspondence with customers, us, and others, and access any computer software we require for the Store. Depending on the size of your Store or applicable legal requirements, you may need additional technology hardware (including additional point-of-sale systems).

We estimate the total cost to purchase the items above to be approximately $110,000 to $160,000. We do not have any obligation to upgrade or maintain these items. Although most new hardware comes with a limited warranty we are not aware of any third parties with an obligation to upgrade or maintain these items.

Technology Services

The technology hardware discussed above must contain the computer software and have access to the technology services that we require. The software and technology services are not proprietary to us. Some software will come preinstalled on your computer. You must purchase or license and use in the operation of your Business the following technology systems meeting our specifications: online point of sale, payment processing, and inventory tracking system, customer relationship management system, data analytics system, and cannabis regulatory technology system. You must also have a license to Microsoft Office. We estimate the total cost to acquire or subscribe to the technology services above to be approximately $13,500 per year. For programs that are not preinstalled, you will need to purchase and install them on your computer. You must renew your software licenses as required. You must also pay us a Technology Fee (see Item 6). .

Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to the technology discussed above. We may require you to upgrade or update your technology during the term of the franchise, without any contractual limitations on the cost or frequency. We do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise. You may be required to upgrade and update these technology services from our vendors or under state law, and we anticipate the cost for these upgrades and updates to be less than $3,000 per year.

You must have access to the Internet and maintain the email accounts that we provide as part of the Technology Fee to allow us to communicate with you on a regular basis. We can independently access your electronic information and data (including any information or data provided or used through our approved software vendors), and collect and use this electronic information and data in any manner we choose without any compensation to you. There is no contractual limitation on our right to receive or use information we obtain from you. You must protect yourself from viruses, computer hackers, and other communication and computer-related problems.

ITEM 12.
TERRITORY

When you sign a Franchise Agreement, you will receive the right to operate a Store from a single retail location you select that is approved by us and which complies with any local or state laws related to the opening and operation of a cannabis dispensary store.

Search Area

If you do not have a site for your Store when you sign your Franchise Agreement, we will list a general "search area" in the Rider to your Franchise Agreement. You do not acquire any exclusive rights in this search area. It is only the area in which you will look for a site for your Store. We may grant other people a franchise within this search area as well.

Designated Territory

Once you identify a site for your Store, and we approve that site, we will then update the Rider to your Franchise Agreement to identify this location. At that time, we will also grant you a territory within which this site is located. We refer to this territory as the "Designated Territory" and we describe it in the Rider to your Franchise Agreement. Your Designated Territory will generally be a 1-mile radius around your Store. However, the exact size will depend upon various factors including natural boundaries like highways and bodies of water, the demographics of the area, whether your Store is located in an urban, suburban, or rural area, and the size of your Store. If your Store is located in a heavily populated area or in a major metropolitan area the Designated Territory may be smaller than 1-mile. Your Store may not be located within the Designated Territory of another Sweetspot franchisee; however, your Designated Territory may overlap with the designated territory of another Sweetspot franchisee.

As long as you are in compliance with your Franchise Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate a recreational or medicinal cannabis dispensary retail store under the Sweetspot mark that is physically located in your Designated Territory. However, we can acquire businesses in the Designated Territory that are similar to your Store or sell our business, whether through a sale of assets or stock, to anyone, regardless whether they operate or franchise the operation of businesses similar to your Store. Other than this limitation there are no other prohibitions on us in your Designated Territory. For example, we can operate or allow others to operate similar or identical stores physically located outside of your Designated Territory under the Sweetspot mark or under any other trademarks even if the businesses compete with your Store in your Designated Territory. We can also operate or allow others to operate businesses inside the Designated Territory under any marks, including the Sweetspot mark, if the businesses do not operate recreational or medicinal cannabis dispensary retail stores (for example, we can operate or allow others to operate cannabis grower, cultivation, and processing businesses, whether in or outside your Designated Territory). We can sell, or grant third parties the right to sell, any products we or our affiliates provide to you for use in your Store to any person, whether in or outside your Designated Territory. We can also sell, or grant third parties the right to sell, goods or services competitive with those sold or used by your Store under the Sweetspot mark or otherwise through other distribution channels including the Internet, catalog sales, telemarketing, or other direct marketing, inside and outside of your Designated Territory.

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

Customers and Delivery

We do not restrict the customers you may serve; however, you may not sell products where prohibited by applicable law. Other franchisees or Sweetspot dispensary stores we or our affiliates own may solicit or serve customers in your Designated Territory and may sell products for delivery to a location in your Designated Territory. However, you cannot solicit customers via the Internet, telemarketing, or other direct marketing efforts unless we approve of those efforts. We do not pay any compensation for soliciting or accepting orders from customers.

You may not offer for sale any products or services through any other channels of distribution, including grocery and convenience stores and other retail outlets, catalogs or mailings, the Internet (or any other existing or future form of electronic commerce), and other types of resale (except directly to customers at your Store), wholesale, or distribution arrangements, without our prior written consent.

Minimum Annual Gross Sales Requirement

During the first year after the opening of your Store, you must generate through your Store minimum annual Gross Sales of $480,000. During the second year after the opening of your Store, you must generate through your Store minimum annual Gross Sales of $960,000. During the third year after the opening of your Store and each subsequent year under your Franchise Agreement and any successor franchise agreement(s), you must generate through your Store minimum annual Gross Sales of $1,500,000 per year. These minimum annual Gross Sales requirements apply to both medical and recreational cannabis dispensary businesses. Your failure to generate the minimum annual Gross Sales by the end of any annual period above gives us the right to terminate the Franchise Agreement, or, in lieu of termination, to eliminate your Designated Territory or require you to operate under an approved performance management plan.

Relocation

We will allow you to relocate the site of your Store within your Designated Territory, if it is not within the Designated Territory of another Sweetspot dispensary store, and the new site meets our other then-current requirements for a site. You must pay us our Relocation Fee before we grant our approval.

Options and Rights of First Refusal

You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. You may not operate an additional Store, whether in your Designated Territory or elsewhere, unless you acquire additional franchise rights from us and sign another Franchise Agreement. However, some states may restrict you from operating multiple cannabis dispensary stores or have quotas on the number of available licenses.

Competing Brands

Neither we, nor our affiliates, operate businesses or offer franchises under different trademarks that sell goods and services that are similar to those you will offer from your Store.

ITEM 13.
TRADEMARKS

Principal Marks

The Franchise Agreement gives you the right to operate a Store under the trade names, trademarks, and service marks that we establish. We obtained the rights to use the principal Marks and all other marks, logos, commercial symbols, and other intellectual property owned by our parent, and to license others to use these items, under an Intellectual Property License Agreement dated June 10, 2022, between us and our parent, Sweetspot Brands. Under the terms of that Intellectual Property License Agreement, our parent may continue to operate directly or indirectly through its affiliates recreational or medicinal cannabis dispensary stores or any other business under these or other Marks, provided it does not operate a recreational or medicinal cannabis dispensary store within any Designated Territory granted to any of our franchisees. We are not restricted in any way in which we use these items and the length of the Intellectual Property License Agreement is indefinite. We therefore essentially have all the rights as the owner of the intellectual property to license others to use the intellectual property. If this Intellectual Property License Agreement were terminated you would have to stop using the Marks and all other intellectual property licensed to us under the Intellectual Property License Agreement. Except as provided above, no currently effective agreement limits our right to use or license the use of these Marks.

We consider the logo and the following trademarks to be our principal Marks:

Trademark	Registration/Application Number	Registration/Application Date
SWEETSPOT	6790294	July 12, 2022
SWEETSPOT	Application Number - 88214928	Application Date - December 20, 2018

Our parent, Sweetspot Brands, has obtained registration on the Principal Register of the United States Patent and Trademark Office ("USPTO") of the first mark in the chart above. Our parent does not have a federal registration for the logo or the second mark in the chart above. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use a trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. All required affidavits for the Marks listed above will be filed.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings, or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the principal Marks in the state where your Store is located.

Standards of Use

You must follow our standards when you use the Marks. You may not use any of the Marks alone or with modifying words, designs, or symbols as part of a corporate or business name or assumed name (unless required by applicable law and subject to our prior approval) or in any form on the Internet, including URLs, domain names, hash tags, e-mail addresses, locators, links, metatags, or search techniques, unless we otherwise approve. You may not use any of the Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We have an obligation to protect and maintain your rights to use the Marks against encroachment, misuse, or unauthorized use or against any challenges to any rights of use. You must notify us immediately when you learn about an infringement of or challenge to your use of these Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of the Marks, including bringing actions against third parties regarding the use of any of the Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving the Marks. You must cooperate with us and take all actions we require to carry out the defense or prosecution. We are not required to defend you against a claim based on your use of the Marks.

We may change the Marks and require you to adopt new marks as if they were part of the Franchise Agreement at the time you sign it. You must comply with these changes immediately after we notify you that we have discontinued, modified, or changed one or more of the Marks. We will have no liability or obligation because of the discontinuation, modification, or change. You will be responsible for all costs related to the discontinuance, modification or change of the Marks. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information, or business techniques that are part of our System. You must use the designations of ®, TM, and SM in advertising and promotions using the Marks, as we designate. You must immediately stop using the Marks, including any Marks as part of a corporate or business name or assumed name, upon the expiration or termination of your Franchise Agreement for any reason.

ITEM 14.
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for our Operations Manual and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement.

There are currently no effective determinations of the United States Copyright Office, USPTO, or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets, including our products and services, methods, techniques, equipment, and sourcing lists of certain supplies and inventory used in or offered through your Store. This will be included in our training, Operating Manual, and in materials we may separately provide you. You may use these materials, in the manner we approve, in the operation of your Store during the duration of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your Manager and staff but only to the extent necessary to operate the Store, and then only while your Franchise Agreement is in effect.

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

We prefer that you participate personally, on a full-time basis, in the operation of your Store. In any event, your business must be directly supervised by a Manager who will be responsible for the operation of the Store. You or one of your majority owners if you are not an individual can hold this position. You and your Manager (if your Store is not owner-operated) must have successfully completed our Initial Training Program. Your Manager does not need an ownership interest in your Store but must sign non-competition and confidentiality agreements that restrict them to the same extent as you are restricted under the Franchise Agreement. You must conduct background checks on your Manager, and your Manager must meet our standards.

If you are a corporation, limited liability company, or partnership or you transfer your Franchise Agreement to a corporation, limited liability company, or partnership, you and any other owners, including your spouse, must sign a personal guaranty of all obligations under the Franchise Agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products and services we specify, and you may not sell other products or services through your Store without our prior written approval. You must have valid licenses or permits to sell the products and services you offer through your Store. You must provide products and services that require specific supplies, which you must purchase from us or our affiliate. All of these items must meet our standards. You cannot operate other businesses from your Store. The type of products and services you can offer may vary depending on your licensure, the geographic location of your Store, and other factors.

We can also limit the type of products or services you may sell. We can change the products or services we allow you to offer at any time. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when providing products or services through your Store. We can also implement pricing policies, such as maximum price policies and minimum advertised price policies, and you must abide by these policies.

Retailers of cannabis products (especially recreational marijuana dispensaries) are subject to highly specific local and state rules about how they may operate, which differ state-to-state. These local and state rules often include restrictions on hours of operation for recreational retail marijuana sellers; maximum sale amount per recreational adult customer; restrictions on the sale of non-cannabis products at retail recreational marijuana locations; requirements that consumers leave a retail location with their purchases in child-resistant packaging (known as exit packaging); signage, display, point-of-sale, and price restrictions for retail sales of recreational marijuana; and facility and security requirements for licensed premises. You must comply with all applicable laws, even if doing so substantially alters the operation of your Store, terminates specific product or services lines, or imposes new or additional costs.

Customers and Delivery

You may only sell the products we specify to retail customers at or from your Store. This means that all sales must be face-to-face to retail customers. Other franchisees or Sweetspot dispensary stores we or our affiliates own may solicit or serve customers in your Designated Territory and may sell products for delivery to a location in your Designated Territory. However, you cannot solicit customers via the Internet, telemarketing, or other direct marketing efforts unless we approve of those efforts. In any event, all of your advertising and marketing must be approved by us, and you must obtain our written approval before you establish or have established any website, web page, or social networking or social media site, online directory or online business profile, review or opinion web page or site, avatar, profile, account or hashtag, relating to or making reference to us, your Store, the Marks, or the System.

You must obtain our prior written approval if you wish to engage in delivery activities, including through any third-party ordering and delivery services or aggregators. If we provide our approval, you may engage in these delivery activities provided that you agree to comply with the programs, policies, and other terms and conditions that we may establish, and your delivery activities comply with all applicable laws. You may not transfer or deliver products across state lines. We may require you to participate in one or more third-party food ordering and delivery services or aggregators with one or more vendors that we have approved for the System. You may not offer for sale any products or services through any other channels of distribution, including grocery and convenience stores and other retail outlets, catalog or mailings, the Internet (or any other existing or future form of electronic commerce), and other types of resale (except directly to customers at your Store), wholesale, or distribution arrangements, without our prior written consent.

Membership, Gift Card, and Rewards Programs

We may periodically develop and implement membership, rewards, loyalty, and pre-paid programs for the Sweetspot franchise system. If we set up a membership, rewards, loyalty, or pre-paid program for customers, we may require you to honor the terms and conditions of these programs at your Store.

You must also participate in all gift card, gift certificate, and coupon or promotional programs we establish, and honor the terms and conditions of these programs at your Store. We will provide in our manuals our current policies and practices for allocating funds generated from the sale or redemption of gift cards, gift certificates, and reward or loyalty points that involve multiple Sweetspot Stores. You may not create or issue your own gift cards, gift certificates, or rewards or loyalty programs, or other coupon or promotional programs.

We may modify, change, or discontinue these programs at any time and without notice to you.

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

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

Franchise Agreement

Provision	Section in Franchise or Other Agreements	Summary
a. Length of the franchise term	Section 2(a)	10 years
b. Renewal or extension of the term	Sections 2(b)	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 10-year period.
c. Requirements for you to renew or extend	Section 2(b)	Give written notice; sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); replenish and replace your stock of inventory, equipment, supplies, and other items used in your Store to comply with then-current standards; provide us with evidence of property control; have all applicable licenses and permits for the renewal term; sign general release; pay Renewal Fee.
d. Termination by you	Section 19(b)	You may terminate only if we default and do not cure our default after receiving notice from you.
e. Termination by us without cause	None	Not applicable.
f. Termination by us with cause	Sections 19(a) and 19(c)	We may terminate only if you default.
g. "Cause" defined – curable defaults	Section 19(a)	Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults and to cure citations related to your cannabis license), subject to state law variations.

Provision	Section in Franchise or Other Agreements	Summary
h. “Cause” defined – non-curable defaults	Section 19(a)	You lose the right to occupy the premises for your Store; you fail to timely obtain a site for your Store; you fail to timely obtain a license necessary to operate the Store; you fail to timely open your Store; you abandon the business; you or any of your owners are convicted of, or plead guilty or no contest to, certain crimes; you lose a license necessary to operate the Store; you engage in sales activities in violation of our System standards or applicable law; you fail to meet your minimum annual Gross Sales requirement; you maintain false books or records or submit any false or misleading application, statement, or report to us; you misuse the Marks or materially impair the value of, or the goodwill associated with the Marks or the System. Notwithstanding the foregoing, compliance with applicable New York laws and regulations will not constitute a violation of the Franchise Agreement.
i. Your obligations on termination/non-renewal	Sections 19(d) and 19(e)	Stop operating the Store, stop using our names and the Marks (including in any corporate or business name or assumed name), return information to us, assign to us or cancel certain registrations, listings, telephone numbers, websites, and domain names, pay all amounts you owe us, and provide us an option to purchase your inventory, equipment, supplies, signs, and branded items; and comply with our purchase option, including our right to assume the existing lease or sublease for the Store or enter into a lease.
j. Assignment of contract by us	Section 16(a)	No restriction on our right to assign.
k. “Transfer” by you – defined	Section 16(b)	Includes transfer of the Franchise Agreement or Store, or transfer of majority control of the Franchise Agreement or of the Store.
l. Our approval of transfer by franchisee	Section 16(c)	We must approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met.

Provision	Section in Franchise or Other Agreements	Summary
m. Conditions for our approval of transfer	Section 16(c)	Transferee must meet our requirements, including sign a new franchise agreement on our then-current form for the remaining term of your Franchise Agreement (which may contain materially different terms and conditions than your Franchise Agreement, but we will not require the transferee to pay us a new initial franchise fee). You must also pay a Transfer Fee and sign a release (subject to state law). The transferee must have a valid cannabis dispensary license (a transfer of your cannabis dispensary license may be restricted under state law).
n. Our right of first refusal to acquire your business	Section 17	We can match any offer for your Store or an interest in the Store, including a sale between owners or between an owner and you.
o. Our option to purchase your business	Section 19(e) Lease Rider to Franchise Agreement	We have the option to purchase any or all of your approved inventory, equipment, supplies, signs, and branded items at fair market value. We also have the option to assume the lease or sublease for your Store premises or require you to assign it to another franchisee of ours or to enter into a lease for the Store's premises after the Franchise Agreement ends.
p. Your death or disability	Section 16(c)(2)	Your heirs can assume your rights, but if they do, they must meet the transfer requirements (including, having a valid cannabis dispensary license).
q. Non-competition covenants during the term of the franchise	Section 15(a)(1)	No involvement in any business that offers or sells cannabis, CBD, or marijuana products or services for retail.
r. Non-competition covenants after the franchise is terminated or expires	Section 15(a)(2)	For 2 years, no involvement in any business that offers or sells cannabis, CBD, or marijuana products or services for retail and that is located or operating within the state where your Store was located (or the search area given to you and a radius of 50 miles around the search area if we had not yet approved the location of your Store at the time of termination).
s. Modification of the agreement	Section 23(h)	No modifications without consent by both you and us, but our manuals are subject to change.
t. Integration/merger clause	Section 23(l)	Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable.

Provision	Section in Franchise or Other Agreements	Summary
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain disputes, all disputes must be first mediated, and if not settled by mediation, are then subject to arbitration.
v. Choice of forum	Section 20(b)	Subject to state law, arbitration must be in New Jersey.
w. Choice of law	Section 23(b)	Subject to state law, New Jersey law generally applies.

ITEM 18.
PUBLIC FIGURES

We currently do not use any public figure to promote the sale of franchises.

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Statement of Historic Gross Sales From Sweetspot Dispensary Store

The following are statements of actual gross sales for the 2 affiliate owned Sweetspot dispensary stores that were open for the entire 12 month period ended December 31, 2022. One of these stores is located in Olney, Maryland, opened in April 2019 and is a medicinal cannabis dispensary only. The other is located in Portland, Maine, opened in November 2021 and is a recreational cannabis dispensary. We have provided this gross sales information based on information provided by our affiliates. We did not have any Sweetspot cannabis dispensary stores that permanently closed in 2022.

The results below were not achieved in the initial year in which the store opened. Other than the fact that the Olney, Maryland store only offers medicinal cannabis products, there are no material financial and operational characteristics of either of these stores that are reasonably anticipated to differ materially from future operational franchised outlets.

Gross Sales Information for Years 2022

The gross sales of the Olney, Maryland Sweetspot dispensary store for 2022 were $2,820,523. The gross sales of the Portland, Maine dispensary store for 2022 were $1,192,785.

"Gross sales" used in this Item 19 was determined consistent with the definition in the Franchise Agreement. Gross Sales means the total amount of revenues, income, receipts, and other fees related to the sale of products or services (including amounts for direct delivery or sale and sales to consumers through third-party online ordering or delivery service providers) through the operation of the Store and any other amounts from all business activities taking place by, at or through the Store, or otherwise related to the

Store. Excluded from Gross Sales are customer refunds actually made and amounts collected and remitted to any governmental taxing authority in satisfaction of sales or occupation taxes but no other amounts, and we have applied a 20% discount to these amounts to be consistent with our policy of not charging a royalty on discounts a franchisee may give to a customer of up to 20% of the suggested or regular retail price.

All amounts were rounded to the nearest dollar.

These figures only represent gross sales. These gross sales figures do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Store. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations, either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Eugenia Tzoannopoulos at 17 Faye Lane, Mt. Pleasant, South Carolina 29464 and 203-200-0697, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022 (Note 1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned (Note 2)	2020	1	1	0
	2021	1	2	+1
	2022	2	4	+2

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	**2020**	**1**	**1**	**0**
	2021	**1**	**2**	**+1**
	2022	**2**	**4**	**+2**

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Years 2020 to 2022 (Note 1 and 2)

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Note 1. The numbers for each year are as of December 31.

Note 2 Does not include transfers where beneficial ownership of less than 50% of the franchise did not change, circumstances where and individual transfers to an entity the individual owns or transfers to heirs.

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Note 1. The numbers for each year are as of December 31.

Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022 (Notes 1 and 2)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Maine (Note 3)	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Maryland (Note 4)	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
New Jersey (Note 5)	2020	0	0	0	0	0	1
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Rhode Island (Note 3)	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Total	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	2	0	0	0	4

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliates.

Note 3. This outlet is a recreational cannabis dispensary store operating under the Marks, and is substantially similar to the Sweetspot cannabis dispensary franchises offered under this Disclosure Document.

Note 4. This outlet is a medicinal cannabis dispensary store operating under the Marks, and is substantially similar to the Sweetspot cannabis dispensary franchises offered under this Disclosure Document.

Note 5 This outlet was originally licensed as a medical dispensary store, but became approved to operate as a recreational dispensary in April 2023, and is substantially similar to the Sweetspot cannabis dispensary franchises offered under this Disclosure Document.

Table No. 5
Projected Openings
As of December 31, 2022 (Note 1)

State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlet in the Next Fiscal Year**	**Projected New Company-Owned Outlet in the Next Fiscal Year (Note 2)**
Connecticut	0	0-1	1-2
Maine	0	0-1	0
Maryland	0	0-1	0
Massachusetts	0	0-1	0
Missouri	0	0-1	0
New Jersey	1	1-2	0-1
New York	0	0-1	0-1
Vermont	0	0-1	0-1
Total	1	1-9	1-5

Note 1. While we are looking for prospective franchisees in the states listed above, we cannot know in advance where we might find prospects. Further, the availability of open licenses for cannabis dispensaries varies state-by-state. Therefore, any projection of this nature is very speculative. We will add franchises wherever we find qualified prospects with available cannabis dispensary licenses under state law.

Note 2. These outlets will be owned by our affiliates.

The Sweetspot retail cannabis dispensary stores owned by our affiliates are listed in Exhibit D. We did not have any franchisees who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2022, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21.
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E is a copy of our audited financial statements as of December 31, 2022. We have also included at Exhibit E a copy of our unaudited financial statements, including a Balance Sheet and Statement of Income, as of February 28, 2023. We were organized on May 3, 2022. We have not been in business for 3 years and therefore cannot provide 3 years of financial statements.

ITEM 22.
CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document:

Exhibit A. Attached to this Disclosure Document as Exhibit A are state specific addenda to the Disclosure Document, if any.

Exhibit F. Attached to this Disclosure Document as Exhibit F is a copy of the form Franchise Agreement; state specific addenda to the Franchise Agreement, if any; Statement of Ownership and Management; and form of a Guaranty to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee. Also attached is a Lease Rider to be signed by you, your landlord and us, transfer form if you want to sell, assign, or transfer your Franchise Agreement to a corporation, limited liability company, or partnership you own; and an example of a release you must sign if you want to sell, assign, or transfer your Franchise Agreement to an unrelated third party or to an entity or partnership you do not own or control.

Exhibit G. Attached to this Disclosure Document as Exhibit G is a copy of a sample Electronic Transfer of Funds Authorization authorizing us to initiate one-time, weekly, and/or monthly ACH debit and credit entries against your bank account for amounts that become due and payable by you to us or any affiliate.

Exhibit H. Attached to this Disclosure Document as Exhibit H is a Franchisee Questionnaire you must complete at the time you purchase a franchise.

ITEM 23.
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A
STATE SPECIFIC ADDENDA
TO DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE STATE OF NEW YORK

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

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added at the end of Item 5:

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

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

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by you"**:

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

6. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:

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

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

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

9. This franchise may only be sold to a prospective franchisee that already has been granted a New York State cannabis license from the Office of Cannabis Management.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this addendum.

EXHIBIT B
LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS

State	**State Administrator**	**Agent for Service of Process**
California	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 Tel: 1-866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 Tel: 1-866-275-2677
Connecticut	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 Tel: 860-240-8230	
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 Tel: 850-245-6000	
Georgia	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 Tel: 404-656-3790	
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 Tel: 808-586-2722	
Illinois	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 Tel: 217-782-4465	

State	State Administrator	Agent for Service of Process
Indiana	Securities Commissioner Indiana Securities Division 302 W. Washington St., Room E 111 Indianapolis, IN 46204 Tel: 317-232-6681	Indiana Secretary of State 201 State House 200 W. Washington St. Indianapolis, IN 46204
Iowa	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 Tel: 515-281-4441	
Kentucky	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 Tel: 502-696-5389	
Louisiana	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 Tel: 504-342-7013 (gen. info.) Tel: 504-342-7900	
Maine	Department of Business Regulations State House - Station 35 Augusta, ME 04333 Tel: 207-298-3671	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 Tel: 410-576-6360	Maryland Securities Commissioner Same Address

State	State Administrator	Agent for Service of Process
Michigan	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48909 Tel: 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 Tel: 651-539-1500	Minnesota Commissioner of Commerce Same Address
Nebraska	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tel: 402-471-2171	
New Hampshire	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 Tel: 603-271-3641	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 Tel: 212-416-8222	New York Secretary of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 518-473-2492
North Carolina	Secretary of State’s Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 Tel: 919-733-3924	

State	State Administrator	Agent for Service of Process
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 Tel: 701-328-4712 Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
Ohio	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 Tel: 614-466-8831 Tel: 800-282-0515	
Oklahoma	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 Tel: 405-521-2451	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 Tel: 503-378-4387	
Rhode Island	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 Tel: 401-222-3048	
South Carolina	Secretary of State P.O. Box 11350 Columbia, SC 29211 Tel: 803-734-2166	

State	State Administrator	Agent for Service of Process
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 Tel: 605-773-3563	
Texas	Secretary of State Registrations Unit P.O. Box 13193 Austin, TX 78711-3193 Tel: 512-475-1769	
Utah	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Tel: 801-530-6601 Fax: 801-530-6001	
Virginia	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 Tel: 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 Tel: 360-902-8762	
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 Tel: 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT C
TABLE OF CONTENTS OF
OPERATIONS MANUAL

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EXHIBIT D
LIST OF OUTLETS

Franchised Outlets

Franchisee	State	City	Address	Phone Number
Sweetspot Highland Park, Inc. Dr. Harry Ma*	New Jersey	Highland Park	414 Raritan Avenue Highland Park, New Jersey 08904	917-977-1059

* Franchise Agreement signed but outlet not open as of December 31, 2022. Designated Territory is in the state of New York.

Company-Owned Outlets

The following outlets are owned by our affiliates as of December 31, 2022:

State	City	Address	Phone Number
Maine	Portland	605 Congress Street Portland, Maine 04101	207-536-1023
Maryland	Olney	18070 Georgia Avenue Olney, Maryland 20832	301-774-0840
New Jersey	Vorhees	903 Whitehorse Road, Suite 2 Vorhees Township, New Jersey 08043	856-882-3481
Rhode Island	Exeter	560 South County Trail Exeter, Rhode Island 02822	401-268-5126

EXHIBIT E
FINANCIAL STATEMENTS

<u>This applies to only the Unaudited Financial Statements:</u>

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT, PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Sweetspot Franchising LLC
Balance Sheet

Assets

		2/28/2023
Current Assets		
Cash	$	2,605
Accounts Receivable, net		-
Prepaid Expenses		-
Total Current Assets		**2,605**
PP&E, Net		**-**
Other Assets		
Loan Receivable from Sweetspot Brands LLC		47,000
Total Other Assets		**47,000**
Total Assets	**$**	**49,605**

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts Payable	$	-
Accrued Expenses		-
Taxes Payable		-
Total Current Liabilities		**-**
Long Term Liabilities		
Debt		-
Total Long Term Liabilities		**-**
Total Liabilities		**-**
Members' Equity		
Capital Accounts		49,705
Net Income/(Loss)		(100)
Total Members' Equity		**49,605**
Total Liabilities + Members' Equity	**$**	**49,605**

Unaudited Management Financial Statements

Sweetspot Franchising LLC
Statement of Income

	For the 2 Months Ended February 28, 2023
Revenues	
	$ -
NET SALES	**-**
Cost of Goods Sold	
	-
Total Cost of Goods Sold	-
GROSS PROFIT	**-**
SG&A Expenses	
Salaries and Benefits	-
Fees and Taxes	-
Utilities	-
Building	-
Office Administration	-
Professional Fees	-
Marketing	-
Banking and Compliance	100
Insurance	-
Total SG&A Expenses	100
EBITDA	**(100)**
Depreciation and Amortization	-
EBIT	**(100)**
Other (Income)/Expense	
Interest Expense	-
Interest (Income)	-
Investment (Income)/Expense	-
Total Other (Income)/Expense	-
INCOME BEFORE TAX	**(100)**
Provision for RI State Taxes	-
NET INCOME/(LOSS)	**$ (100)**

Unaudited Management Financial Statements

Audited Financial Statements

SWEETSPOT FRANCHISING, LLC

AUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM
MAY 3, 2022 TO DECEMBER 31, 2022

OTRANDO PORCARO & ASSOCIATES

2258 Post Road
Warwick, Rhode Island 02886
880 Mandalay Avenue, Unit C6
Clearwater Beach, FL 33767
Tel 401.739.9250
Fax 401.739.7254
www.opacpa.com

CONTENTS

PRINCIPAL
Gregory A. Porcaro, CPA/ABV, MST, CFF
Richard W. Otrando, CPA (1984-2007)

MANAGERS
Nate M. Cote

ASSOCIATES
Stanley F. Jarzombek, CPA, MBA, MST
Andrew J. Ginsberg, JD, MST
Robin J. Bosworth
Myles P. Levy, MPAc
James D. Laing, CPA, JD, MBA, MSA
Claudio Ialongo, MPAc
Christian Dafonseca
Caleb Jeffrey

INDEPENDENT AUDITORS' REPORT

To the Member of
Sweetspot Franchising, LLC

Opinion

We have audited the accompanying financial statements of Sweetspot Franchising, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income and member's equity, and cash flows for the period May 3, 2022 (date of formation) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sweetspot Franchising, LLC as of December 31, 2022, and the results of its operations and its cash flows for the period May 3, 2022 (date of formation) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Otrando, Porcaro & Associates, Ltd.
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Warwick, Rhode Island 02886
880 Mandalay Avenue, Unit C6
Clearwater Beach, FL 33767
Tel 401.739.9250
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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sweetspot Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweetspot Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Strand Perm & Associates PLLC

March 29, 2023

SWEETSPOT FRANCHISING, LLC

BALANCE SHEET
December 31, 2022

ASSETS		
CURRENT ASSETS:		
Cash	$	2,705
NONCURRENT ASSETS:		
Loan receivable		47,000
TOTAL ASSETS	$	49,705
LIABILITIES AND MEMBER'S EQUITY		
MEMBER'S EQUITY:		
Member's equity	$	49,705
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	49,705

SWEETSPOT FRANCHISING, LLC

STATEMENT OF INCOME AND MEMBER'S EQUITY
For the period May 3, 2022 (date of formation) through December 31, 2022

GENERAL AND ADMINISTRATIVE EXPENSES - Bank fees	$ 400
NET LOSS	(400)
MEMBER'S EQUITY, BEGINNING OF PERIOD	0
MEMBER'S CONTRIBUTIONS	50,105
MEMBER'S EQUITY, END OF PERIOD	$ 49,705

SWEETSPOT FRANCHISING, LLC

STATEMENT OF CASH FLOWS

For the period May 3, 2022 (date of formation) through December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (400)
Net cash used by operating activities	(400)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Loan receivable	(47,000)
Member's contributions	50,105
Net cash provided by financing activities	3,105
NET INCREASE IN CASH	2,705
CASH AT BEGINNING OF PERIOD	0
CASH AT END OF PERIOD	$ 2,705

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - NATURE OF BUSINESS:

Sweetspot Franchising, LLC (The Company) is a Delaware limited liability company, formed on May 3, 2022. The Company's principal operations are to license cannabis dispensary franchises throughout the United States. Under the franchise agreement, the initial term will be ten years from the date the agreement is signed. The agreement is then renewable for a consecutive ten-year term. The Company's activities are subject to significant risks and uncertainties, including increasing competition in the industry.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America, on the accrual basis of accounting, and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments, with an original maturity of three months or less, to be cash equivalents including cash in banks, commercial paper and deposits with financial institutions that can be liquidated without prior notice or penalty.

Income Taxes and Members' Distributions

The Company and its parent file a consolidated federal income tax return. The parent is organized as a limited liability company and, accordingly, all members of the parent share in the profits and losses of the parent in proportion to their interests. Together, the Company and its parent have elected to be treated as a partnership for tax purposes and generally they do not incur income taxes. Instead, the combined earnings and losses are included in the income tax returns of the Members of the parent. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes and Members' Distributions (continued)

In accordance with accounting principles generally accepted in the United States of America, the Company is required to recognize and disclose its uncertain tax positions when it is "more likely than not" that such position, based on its technical merits, will not be sustained upon examination. As mentioned in the preceding paragraph, the Company is a "pass-through entity" and, as such, all potential federal and state income tax liabilities, as a result of future potential examinations, will flow-through to its member. As of the date of the financial statements, the Company has evaluated any potential liability regarding its entity status, built-in gains, and nexus issues for all jurisdictions in which the Company may be subject to income taxes. Based upon this evaluation, no liability has been recognized in the Company's financial statements.

In the event that a tax accrual is deemed necessary, the tax and related penalties and interest would be included in income tax expense on the financial statements.

NOTE 3 – CONCENTRATION OF CREDIT RISK:

The Company places its cash with high credit quality institutions. Such deposits are covered by federal depository insurance up to certain limits. Cash and cash equivalent balances may occasionally be in excess of the NCUA insurance limit. At December 31, 2022, there were no cash deposits that were in excess of federal depository insurance.

The Company has not experienced any losses on its cash and cash equivalents. Management periodically evaluates the creditworthiness of the financial institutions with which it invests and maintains deposit accounts.

NOTE 4 - LOAN RECEIVABLE - MEMBER:

At various times, the Company may advance money to the member. These amounts are non-interest bearing and are due on demand. On December 9, 2022, the Company advanced $47,000 to its parent company, Sweetspot Brands, LLC. As of December 31, 2022, the outstanding balance of the loan was $47,000.

NOTE 5 – SUBSEQUENT EVENTS:

The Company has evaluated events and transactions for potential recognition or disclosure through March 29, 2023, which is the date these financial statements were available to be issued.

EXHIBIT F
FRANCHISE AGREEMENT, STATEMENT OF OWNERSHIP AND MANAGEMENT, GUARANTY, GENERAL RELEASE, TRANSFER FORM, AND STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

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ATTACHMENTS

FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made as of the "Effective Date" set forth on the Rider attached hereto (the "Rider"), by and between SWEETSPOT FRANCHISING LLC, a Delaware limited liability company ("Franchisor"), and the "Franchisee" set forth on the Rider ("Franchisee").

INTRODUCTION

Franchisor and its affiliates have developed certain policies, procedures, and techniques for the operation of cannabis dispensary stores under the "Sweetspot" and "Sweetspot Dispensary" trademarks and logos that offer and sell a variety of recreational and/or medicinal cannabis products, cannabidiol (CBD) products, and other retail products, using proprietary customer intake and educational procedures and other methods of operation. Franchisor desires to grant to qualified persons franchises to use the concepts, programs, and methods of promotion developed by Franchisor and its predecessors and affiliates to develop and operate a Store (as defined herein). Franchisee has applied to Franchisor for a Franchise (as defined herein) and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1 DEFINITIONS

Capitalized terms used in this Agreement have the meanings given below:

(a) "Competitive Business" shall mean any store, business, or other venture that primarily offers or sells cannabis, CBD, or marijuana products or services.

(b) "Designated Territory" shall mean the area described as such and identified in the Rider.

(c) "Franchise" shall mean the right granted to Franchisee by Franchisor under this Agreement to use the System of Operation and to use the Names and Marks selected, used, and promoted by Franchisor to develop and operate a cannabis dispensary store that offers and sells a variety of recreational and/or medicinal cannabis products, cannabidiol (CBD) products, and other retail products, using proprietary customer intake and educational procedures and other methods of operation.

(d) "Gross Sales" shall mean the total amount of revenues, income, receipts, and other fees related to the sale of products or services (including amounts for direct delivery or sale and sales to consumers through third-party online ordering or delivery service providers) through the operation of the Store and any other amounts from all business activities taking place by, at or through the Store, or otherwise related to the Store. Gross Sales also includes the greater of the full suggested or regular retail price for any products or services given away or provided at a discount through the operation of the Store (including by any buy-one-get-one offers, sales, clearance, coupons, promotions, or otherwise), even if Franchisee did not receive that revenue from the transaction, other than discounts up to twenty percent (20%) of the suggested or regular retail price, as applicable. There shall be excluded from "Gross Sales" customer refunds Franchisee actually makes and amounts collected and remitted by Franchisee to any governmental taxing authority in satisfaction of sales or occupation taxes, but no other amounts incurred by Franchisee, and in no event shall charges by third-party online ordering or delivery service providers, credit card merchant or processing fees, or any other expenses decrease Gross Sales.

(e) The term "including" shall mean "including, but not limited to."

(f) "Names and Marks" shall mean the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used or promoted by Franchisor and licensed to Franchisee for use in connection with the System of Operation.

(g) "Restricted Area" shall mean the state in which the Store was located. If Franchisor has not approved the location of the Store at the time of termination or assignment of this Agreement, the Restricted Area shall mean the Search Area and a radius of fifty (50) miles from the Search Area.

(h) "Store" shall mean the cannabis dispensary store franchised under this Agreement to operate using the System of Operation and the Names and Marks and under Franchisee's recreational, medicinal, or hybrid cannabis dispensary license as set forth in Section 9(a).

(i) "System of Operation" shall mean the business plans and methods developed by Franchisor and its predecessors and affiliates to be used in connection with the operation of cannabis dispensary stores that offer and sell a variety of recreational and medicinal cannabis products, cannabidiol (CBD) products, and other retail products, using proprietary customer intake and educational procedures and other methods of operation. The "System of Operation" includes standards, specifications, methods, procedures, techniques, sourcing, proprietary items, technology, and management systems, all of which may be changed, improved, and further developed from time to time by Franchisor, but specifically excludes any employee policies or procedures that Franchisor may make available to Franchisee for its optional use during the Term of the Franchise.

(j) "Term of the Franchise" shall mean the initial term of the Franchise.

2 GRANT OF FRANCHISE; RENEWAL OF FRANCHISE

(a) **Grant of Franchise; Initial Term**. Subject to the provisions of this Agreement, Franchisor grants to Franchisee a Franchise for an initial term of ten (10) years, commencing on the Effective Date, to use the System of Operation in the operation of a cannabis dispensary store under the Names and Marks and under Franchisee's recreational, medicinal, or hybrid cannabis dispensary license as set forth in Section 9(a), that offers and sells a variety of cannabis products and other related products using proprietary methods of operation.

(b) **Renewal**. Franchisee may renew the Franchise for one (1) additional term of ten (10) years, provided that Franchisee must satisfy such conditions for renewal as Franchisor may impose, including that upon expiration of the Term of the Franchise, Franchisee shall have:

(1) complied with all provisions of this Agreement;

(2) operated the Store exclusively under the Names and Marks and using and conforming to the System of Operation;

(3) upgraded and remodeled the Store, including signs, design and décor, and furniture, fixtures, and equipment, to meet Franchisor's then-current standards;

(4) provided Franchisor with evidence of control of the premises for the Store for the renewal term;

(5) provided Franchisor with evidence of all licenses and permits required to continue operating the Store;

(6) provided Franchisor at least two hundred ten (210) days' prior written notice of its election to renew the Franchise; and

(7) Within thirty (30) days after delivery to Franchisee of all agreements and documents required by Franchisor for renewal: (a) executed Franchisor's then-current form of franchise agreement offered to prospective new franchisees, as amended to reflect that the Franchise is a renewal and not a grant of a new Franchise (including the minimum annual Gross Sales requirement under Section 9(p)), and all other agreements and legal instruments and documents then customarily employed by Franchisor in the grant of Sweetspot franchises to prospective new franchisees, including a general release; and (b) paid to Franchisor a renewal fee of Twenty Thousand Dollars ($20,000).

Franchisee acknowledges that the right of renewal set forth herein does not give Franchisee the right to renew any specific provisions of this Agreement, and Franchisee recognizes that the terms of franchise agreements used by Franchisor upon renewal are likely to be substantially different than the terms offered by Franchisor as of the date hereof. Franchisee further acknowledges that the failure to meet any conditions of renewal imposed by Franchisor, including those set forth herein, shall be deemed an election by Franchisee not to renew the Franchise.

(c) **Holdover**. If Franchisee does not sign a new franchise agreement prior to expiration of the Term of the Franchise, and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor this Agreement shall be deemed to: (1) have expired as of the date of its stated expiration, with Franchisee then operating without a Franchise to do so and in violation of Franchisor's rights; or (2) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

3 SEARCH AREA; LOCATION; CONSTRUCTION; LEASE

(a) **Search Area**. Franchisor shall provide general guidelines to Franchisee for the selection of potential locations for the Store. If the site has not been approved as of the date Franchisor executes this Agreement, the Store must be located in the non-exclusive "Search Area" set forth on the Rider. Franchisee acknowledges that Franchisor may grant others the right to seek sites within the foregoing Search Area, in its sole discretion, and that Franchisee acquires no exclusive or priority rights in such Search Area.

(b) **Site Selection; Location; Lease**. Franchisee shall operate the Store from one (1) location approved by Franchisor. The Store will be located at a site selected by Franchisee and approved by Franchisor. It shall be the responsibility of Franchisee to identify prospective sites for the Store and to obtain Franchisor's approval of any proposed site for the Store before obtaining possession of the site. As Franchisee identifies prospective sites, it shall notify Franchisor, and Franchisor will review criteria regarding such prospective sites as Franchisor deems appropriate. Franchisee shall assist Franchisor by providing Franchisor any information Franchisor may request regarding any prospective sites. Franchisee shall not use the Store or approved location to operate any business other than the Franchise.

(1) **Site Control**. Franchisee shall enter into a lease or purchase the approved location of the Store on or before the "Site Control Date" set forth on the Rider.

(2) **Leasing**. Franchisor reserves the right to review and approve any lease or sublease for the location of the Store. Franchisee shall ensure that the Lease Rider

attached to this Agreement is executed by the Franchisee and the landlord for the Store contemporaneous with the execution of the lease or sublease for the Store. Franchisee shall provide Franchisor immediately prior to, and then within five (5) days of execution or amendment, a copy of the lease or sublease, including the Lease Rider, and any amendments to any of the foregoing; provided, however, that Franchisor shall have no responsibility to review the lease or sublease for the Store or to make any recommendations regarding the terms thereof.

(3) **Rider**. Upon approval of the location of the Store, Franchisor shall complete, and Franchisee hereby expressly consents to Franchisor completing, the Rider indicating the address of the Store and the Designated Territory, and Franchisee shall secure possession of the location for the Store.

(4) **Assumption/New Lease**. Franchisor shall also have a separate right, upon termination of this Agreement, to assume the existing lease or sublease, as applicable, for the Store for the remaining term of the lease or sublease, upon the terms and conditions contained in the Lease Rider as previously approved by Franchisor. If the lessor under the lease or sublease is Franchisee or an affiliate of Franchisee, and the remaining term of the lease or sublease is less than ten (10) years, Franchisor may at its option require Franchisee or its affiliate as the case may be to modify the term of the lease or sublease, to be ten (10) years from assumption or such other term as Franchisor specifies. If the site of the Store is owned by Franchisee or an affiliate, Franchisor shall have the right and option to require Franchisee or its affiliate, as applicable, to promptly enter into a lease with Franchisor or its designee for the Store, which lease shall be on commercially reasonable terms, including then-current market rates, and shall be for a term of ten (10) years, unless the parties to the proposed lease agree otherwise. The foregoing right of Franchisor to require a new lease shall apply even if there is a lease or sublease for the Store between an affiliate of Franchisee and Franchisee.

(c) **Design**. Franchisor shall provide to Franchisee a sample layout for the interior of a typical Sweetspot store, including décor specifications. Franchisee shall, at its own expense, employ architects, engineers, or others as may be necessary to complete, adapt, and modify the sample plans and specifications for the Store to fit the location. Franchisee shall submit to Franchisor a complete set of final plans and specifications prior to commencing construction of the Store. Franchisor shall review such plans and specifications and approve or provide comments to Franchisee on the plans and specifications. Franchisee shall not commence construction of the Store until Franchisor approves in writing the final plans and specifications to be used in constructing the Store. Franchisor may consult with Franchisee, to the extent that Franchisor deems necessary, on the construction and equipping of the Store, but it shall be and remain the sole responsibility of Franchisee to diligently design, construct, equip, and otherwise ready and open the Store on a timely basis.

(d) **Construction Obligations of Franchisee; Opening**. Franchisee shall use a licensed general contractor satisfactory to Franchisor to perform construction work at the Store. Franchisor shall not be responsible for delays in the construction, equipping, or decoration of the Store or for any loss resulting from the design or construction since Franchisor has no control over the landlord or contractor or the numerous construction and/or related problems which could occur and delay the opening of the Store. Franchisor must approve in writing any and all changes in any plans prior to construction of the Store or the implementation of such changes. Franchisor shall have access to the location of the Store while work is in progress and may require such reasonable alterations or modifications of the construction of the Store as Franchisor deems necessary. Franchisee shall not open the Store if the Store does not conform to the plans and specifications approved by Franchisor, including changes thereof approved by Franchisor. Franchisee shall correct any unauthorized variance from the approved plans and specifications promptly.

(e) **Specifications**. Franchisor shall provide to Franchisee specifications for leasehold improvements, design and décor, furniture, fixtures, and equipment, technology, and inventory and supplies for the Store. All leasehold improvements used in the Store shall be constructed according to the exact specifications of Franchisor in effect at the time the improvements are made. All leasehold improvements, design and décor, and furniture, fixtures, and equipment installed in the Store must also meet the exact specifications of Franchisor, if any, including brand and model number, where designated. Franchisor may designate specific or approved suppliers from whom such items can be purchased. If Franchisor designates a specific supplier for any items, Franchisee must purchase the items from the specific, designated supplier. Franchisee acknowledges that designated, specific suppliers may include Franchisor or its affiliates.

(f) **Exterior and Interior Signs**. All signs used in the Store must conform to Franchisor's sign criteria as to type, color, size, design, and location. All signs must be approved in writing by Franchisor prior to installation. Franchisor may require Franchisee to display signage in the Store advertising Franchisor's franchises for sale, at Franchisor's cost and expense. Franchisee shall, at all times, place and maintain such signage at the location inside its Store as Franchisor may designate from time to time. Franchisee shall ensure that all signage complies with all applicable state and local laws and regulations at all times.

(g) **Alterations**. During the Term of the Franchise, the floor plan, interior and exterior design and decor, and furniture, fixtures, and equipment of the Store shall not be altered or modified, without the prior written approval of Franchisor.

(h) **Remodeling**. Franchisor may require Franchisee to periodically make reasonable capital expenditures to remodel, modernize, and re-decorate the Store so that the premises reflect the current image intended to be portrayed by Sweetspot dispensary stores. All remodeling, modernization, and redecoration of the Store must be done in accordance with the standards and specifications prescribed by Franchisor from time to time and with the prior written approval of Franchisor. All replacements must conform to Franchisor's then-current quality standards and specifications and must be approved by Franchisor in writing. Franchisor may inspect, but shall not be obligated to inspect, such work at any time to determine that the work is done in accordance with Franchisor's approved plans and specifications. In addition to the foregoing remodel requirement, at any time, Franchisor may require Franchisee to update or acquire any furniture, fixtures, and equipment, design and décor, and technology and to repair or replace furniture, fixtures, and equipment, design and décor, and technology used in the Store as provided in Section 11(a).

(i) **Relocation**. During the Term of the Franchise, Franchisee shall not change the site of the Store without Franchisor's prior written consent, which consent shall not be unreasonably withheld; provided, however, if Franchisor approves a change in the location of the Store, Franchisor may also change the Designated Territory to conform to its then-current standards for the grant of similar territories. If Franchisee desires to operate the Store from a location other than that indicated in the Rider, and Franchisor approves the new location, Franchisee authorizes Franchisor to amend the Rider to change the location to the address of the new site approved by Franchisor and the Designated Territory, and Franchisee shall pay Franchisor a relocation fee of Twenty Thousand Dollars ($20,000). If Franchisor approves a change in the location of the Store, Franchisee shall be solely responsible for obtaining applicable state and local regulatory approvals which may be required prior to the location change.

(j) **Indemnification of Franchisor**. Franchisee is strictly responsible for the acts or omissions of its contractors regarding compliance with all specifications and requirements provided by Franchisor, and Franchisor shall have no responsibility for such acts or omissions. Franchisor shall not be liable for any loss or damage arising from the design or plan of the Store. Franchisee shall indemnify Franchisor for any loss, cost, or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's contractors or arising out of the design or construction of the Store.

4 DESIGNATED TERRITORY

(a) **Designated Territory**. During the Term of the Franchise, and provided that Franchisee is not in default under this Agreement, Franchisor will not grant to anyone else a Franchise to operate, and will not itself operate, under the Names and Marks, a recreational or medicinal cannabis dispensary retail store that is physically located in the Designated Territory, except as provided below. Franchisee acknowledges that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:

(1) Operating, or allowing others to operate, similar or identical businesses physically located outside the Designated Territory, whether under the Names and Marks or other trade or service marks, even if the businesses compete with the Store;

(2) Operating, or allowing others to operate, businesses inside the Designated Territory under the Names and Marks or other trade or service marks that are not recreational or medicinal cannabis dispensary retail stores;

(3) Selling products to third parties even if the same or similar products are sold or provided to Franchisee for use or resale in the Store, whether located in the Designated Territory or otherwise and whether under the Names and Marks or other trade or service marks;

(4) Selling goods or services, or granting others the right to sell goods or services, similar to or competitive with those sold by the Store, whether using the Names and Marks or other trade or service marks, through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing) both inside and outside the Designated Territory;

(5) Acquiring businesses that are similar to the Store; or

(6) The sale of Franchisor or substantially all of its assets, to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to the Store.

(b) **Acknowledgments**. Franchisee acknowledges: (1) that the restrictions set forth in this Section 4 do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions; (2) Franchisor cannot prevent another Sweetspot franchisee or store from soliciting customers inside Franchisee's Designated Territory; and (3) Franchisee is not prohibited from soliciting customers located outside of its Designated Territory, provided that it is licensed to provide the applicable products or services to these customers.

5 FEES

(a) **Initial Franchise Fee**. In consideration for the grant of the Franchise to Franchisee, Franchisee shall pay to Franchisor the "Initial Franchise Fee" set forth on the Rider. The Initial Franchise Fee shall be due and payable upon execution of this Agreement. The Initial Franchise Fee shall be deemed to have been earned by Franchisor upon execution of this Agreement, and shall not be refundable except as provided in Section 9(b).

(b) **Royalty Fee**. On or before the tenth (10th) day of each month, Franchisee shall pay to Franchisor a monthly nonrefundable royalty fee (the "Royalty Fee") equal to four percent (4%) of the Gross Sales of the Store for the prior month. The Royalty Fee shall be due and payable beginning on the tenth (10th) day of each month following the first full month after the opening of the Store for the prior full month and any prior partial month and continuing thereafter for each subsequent month.

(c) **Technology Fee**. Franchisor may provide Franchisee with certain technology services from time to time. These services may include the provision of a certain number of email addresses for the Store, a website or subpage for the Store, and use of certain software or other technology services to assist in the management and operation of the Store. Franchisee shall pay Franchisor at the times specified by Franchisor the then-current "Technology Fee" charged for these services, which fees Franchisor may change upon sixty (60) days' prior notice to Franchisee. Franchisor may modify or terminate these technology services at any time. These are not the only technology or technology services Franchisee will need to operate its Store and Franchisee is responsible for obtaining such technology and services.

(d) **Brand Fund Contribution**. Franchisor may impose a Brand Fund Contribution requirement upon sixty (60) days' notice to Franchisee requiring Franchisee to pay to Franchisor up to one percent (1%) of monthly Gross Sales of the Store (the "Brand Fund Contribution"). If this requirement is imposed, on or before the tenth (10th) day of each month, Franchisee shall pay to Franchisor the Brand Fund Contribution based on the Gross Sales of the Store for the prior month. The Brand Fund Contribution shall be due and payable beginning on the tenth (10th) day of the month following the first full month after such requirement becomes effective and shall be continuing thereafter for each subsequent month.

6 MARKETING AND PROMOTION

(a) **Grand Opening Program**. Franchisee shall spend at least Ten Thousand Dollars ($10,000) to conduct grand opening marketing of the Store during the thirty (30) day period before and after the opening of the Store. Any grand opening program, and all other marketing activities, must meet Franchisor's specifications and require Franchisor's approval as provided in Section 6(d). Franchisee shall submit to Franchisor receipts of expenditures spent on the grand opening program. If Franchisee fails to spend the minimum required amount on the grand opening program, Franchisee shall contribute to the System Brand Fund the difference between what Franchisee actually spent on the grand opening program and the minimum that Franchisee was required to spend on the grand opening program.

(b) **Use of System Brand Fund**. Franchisor will deposit Brand Fund Contributions received from Franchisee into a Sweetspot system-wide brand fund (the "System Brand Fund"). Reasonable disbursements from the System Brand Fund may be made for the payment of expenses incurred by Franchisor in connection with the general promotion of the Names and Marks, including: (1) development and production of advertising, marketing, and promotional materials; (2) the cost of formulating, developing, and implementing advertising and marketing campaigns, including Internet advertising and Internet search engine campaigns, direct email marketing, and the cost to maintain and update Franchisor's or its affiliates' websites, web pages, social media and social networking sites, profiles and accounts, and search engine optimization, and the costs to create and maintain any applications, whether web-based or otherwise; (3) the cost of formulating, developing, and implementing promotional and public relations programs, including advertising in trade publications; (4) market research; and (5) the reasonable cost of administering the System Brand Fund, including professional fees, the cost of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the System Brand Fund and creative services, and overhead allocated to advertising activities. All interest, if any, earned by the System Brand Fund shall be used for the payment of the foregoing expenses before application of any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisor reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency.

(1) Franchisor makes no guarantee that expenditures from the System Brand Fund will benefit Franchisee or any other franchisee directly, on a pro rata basis, or at all. It is Franchisor's responsibility to determine how these monies are spent. Franchisor is not

required to use monies in the System Brand Fund to benefit any individual market, and Franchisor reserves the right to define or change how or where the System Brand Fund Contributions are spent.

(2) Franchisor reserves the right to dissolve the System Brand Fund, but will not do so until all the monies in the System Brand Fund have been expended or until monies have been rebated to the then-existing franchisees operating under the Names and Marks on a pro-rata basis based upon their contributions to the System Brand Fund during the preceding twelve (12) months, in Franchisor's sole discretion.

(c) **Marketing Supplies and Materials**. Franchisor has no obligation to create marketing or promotional materials for use by Franchisee in conducting marketing for its Store. However, Franchisor may from time to time produce and make such materials available to Franchisee to purchase at such prices as are set by Franchisor from time to time. Any alterations, other than the insertion of the name and address of the Store, and the prices charged by Franchisee, must be approved by Franchisor prior to use as provided in Section 6(d). Ownership and rights, whether in the nature of copyrights or otherwise, in and to any altered or modified marketing materials or reproductions of Franchisor's marketing materials, shall vest in Franchisor and Franchisor shall be free to use and to offer or sell to others the use of any of the foregoing materials without restriction.

(d) **Local Marketing**. In addition to the grand opening program, during each year of the Term of the Franchise, Franchisee must spend a minimum of one percent (1%) of the annual Gross Sales of the Store during such year on approved local advertising via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. If Franchisee does not meet this annual requirement by the end of any such year, Franchisor may require Franchisee to contribute to the System Brand Fund the difference between what Franchisee actually spent on approved local marketing during such year and the minimum that Franchisee was required to spend on approved local marketing during such year. Indirect costs Franchisee incurs in managing its local advertising campaigns, such as salaries and benefits of its employees, will not count towards these minimum expenditure requirements. Additionally, any costs Franchisee incurs for advertising conducted at the Store, such as in-store materials and signage or banners, will not count towards these minimum expenditure requirements. Amounts Franchisee spends for the grand opening program will not count toward these minimum expenditure requirements.

Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, including any electronic content, Franchisee shall submit such items to Franchisor for its prior approval. If Franchisor does not approve the use of such materials by Franchisee within thirty (30) days after its receipt of such materials, they shall be deemed to have been rejected. However, Franchisor may revoke approval of any previously approved materials at any time.

(e) **Advertising Cooperative**. At such time as Franchisor in its sole discretion may determine, Franchisee shall join an advertising cooperative made up of other Sweetspot dispensary stores (the "Local Cooperative"), as determined by Franchisor. In such event, Franchisee shall be required to participate in the Local Cooperative on the terms and conditions required by Franchisor and determine how much Franchisee must contribute to the Local Cooperative (which will not exceed one percent (1%) of Gross Sales of the Store on a monthly or annual basis as determined by Franchisor). Amounts Franchisee contributes to the Local Cooperative will be credited towards Franchisee's local marketing spend requirement under Section 6(d). Franchisor shall have the right to modify or dissolve any Local Cooperative at any time.

(f) **Social Media Presence**. Franchisor shall list the Store on Franchisor's or its affiliate's website. Franchisee shall be responsible for providing content required by Franchisor for this website listing, which may include Store contact and address information, hours of operation, and products and services offered through the Store. Any and all content and any changes to the same must be approved by Franchisor prior to being made and the website listing may contain only such information as Franchisor may approve from time to time. Other than this website listing on Franchisor's or its affiliate's website, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other digital or electronic medium or method of communication, including a website, home page, HTML document, Internet site, web page, online directory or online business profile, review or opinion web page or site, or social media or social networking site, profile, avatar, hashtag, account or username relating to or making reference to Franchisor or the Store (each, a "Social Media Presence"), unless otherwise approved by Franchisor. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Social Media Presence, or any information, content, or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference. Franchisee must provide Franchisor with all passwords and access to any such Social Media Presence.

Franchisee may not offer, promote, or sell any products or services or make use of any of Franchisor's Names and Marks, the Store, or the System of Operation, via any Social Media Presence without Franchisor's prior written approval. Franchisee acknowledges that Franchisor may also impose prohibitions on Franchisee posting or blogging of comments about Franchisor, the Store, or the System of Operation. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat, and Pinterest; professional networks, business profiles, or online review or opinion sites like LinkedIn, Google Business Profile, or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

(g) **Franchisor-Identified Social Media Presence**. Franchisee will comply with all directives from Franchisor with respect to any Social Media Presence approved by Franchisor, including those related to materials posted on any Social Media Presence, links to and from any Social Media Presence, the use of the Names and Marks on any Social Media Presence, provision to Franchisor of passwords and any log-in credentials needed to access, remove, delete, or modify any Social Media Presence, and security for any Social Media Presence. In addition, any Social Media Presence approved by Franchisor must be operated and maintained by Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards, and requirements that Franchisor may specify from time to time. Franchisee must also maintain any Social Media Presence approved by Franchisor in compliance with all applicable laws, rules, and regulations, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. Franchisor reserves the right at any time, in its sole discretion, to itself, or require Franchisee to, remove, delete or modify any Social Media Presence, or any information, content or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, hashtag, profile or page reference (a "Franchisor-Identified Social Media Presence").

(h) **Security**. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against Franchisor or its affiliates as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or knows of a security breach, Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at its expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories, and transactions concerning customers of the Store, unless otherwise directed by Franchisor. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal and financial information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies Franchisor may periodically establish.

(i) **Photos and Videos of the Store**. Franchisor shall have the right to take photographs and videos of the Store and associated signage and premises and to use such photographs and videos in any advertising or promotional material, in any form or medium now existing or later developed. Franchisor may use the foregoing without providing notice to Franchisee or receiving Franchisee's consent, and Franchisor shall not be obligated to make attribution or to compensate Franchisee for use of the foregoing. Upon the request of Franchisor, Franchisee shall cooperate with Franchisor in taking and arranging for such photographs and videos and for obtaining the necessary consents of or assignments from individuals depicted in or involved in such photographs or videos. Franchisee irrevocably assigns to Franchisor all of its right, title, and interest, if any, in and to all such photographs and videos, together with all related intellectual property rights.

7 METHOD OF PAYMENT; LATE PAYMENT CHARGES

(a) **Electronic Funds Transfer**. Franchisee shall remit Royalty Fees, Technology Fees, Brand Fund Contributions, and other amounts due to Franchisor or its affiliates via electronic-funds transfer or other means as required by Franchisor. Franchisee shall comply with all procedures specified by Franchisor in this Section 7 and in the Confidential Manual(s) with respect to such transfers, and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section 7.

(1) On or before the fifth (5th) day of each month throughout the Term of the Franchise, beginning in the month following the first full month after the opening of the Store, Franchisee shall report to Franchisor on a form required by Franchisor or electronically, as required by Franchisor, the true and correct Gross Sales of the Store during the preceding month (but in the first month, the report shall include all Gross Sales received by Franchisee from the date of this Agreement through the end of the preceding month, all of which shall be deemed received in the preceding month). Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Technology Fees, Brand Fund Contributions, and any other amounts payable to Franchisor or its affiliates under this Agreement or in connection with the Franchise. Franchisee shall make the funds available to Franchisor for withdrawal by electronic transfer no later than 10:00 a.m. eastern time on the tenth (10th) day of each month, or if that day is not a banking business day, then by 10:00 a.m. eastern time on the next banking business day. If Franchisee fails to timely report Gross Sales for any period Franchisor may debit Franchisee's account for: (i) one hundred ten percent (110%) of the Royalty Fees, Brand Fund Contributions, and any other amounts payable to Franchisor or its affiliates that were paid by Franchisee for the last period for which a Gross Sales report was provided; (b) the amount due for Royalty Fees, Brand Fund Contributions, and any other amounts payable to Franchisor or its affiliates based upon information Franchisor has regarding the Store; or (c) one hundred ten percent (110%) of the Royalty Fees, Brand Fund Contributions, and any other amounts payable to Franchisor or its affiliates that were paid by Franchisee for the same period in the prior year.

(2) If, at any time, Franchisor determines that Franchisee has under-paid Royalty Fees, Technology Fees, Brand Fund Contributions, or other amounts payable to Franchisor or its affiliates, Franchisor shall be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount in accordance with the foregoing procedure, plus late payment charges as provided for in this Agreement. Any overpayment shall be credited to Franchisee's account through a credit effective as of the first reporting

date after Franchisee and Franchisor determine that such credit is due. If the amount debited is less than the actual amount owed, Franchisee shall pay the remaining amount owing, plus a late payment charge thereon as set forth in this Agreement. If Franchisor is unable for any reason to debit the full amount permitted under this Agreement, Franchisee shall remit the remaining amount owing within five (5) days of notice by Franchisor, plus a late payment charge thereon as set forth in this Agreement.

(b) **Minimum Account Balance**. Franchisee shall at all times maintain a minimum balance in the designated checking or savings account for payments of Royalty Fees, Brand Fund Contributions, Technology Fees, and any other amounts payable by Franchisee to Franchisor or its affiliates in an amount specified by Franchisor.

(c) **Late Payment Charges**. All fees or payments of any type whatsoever owed by Franchisee to Franchisor or its affiliates that are not received when due will be subject to the imposition of late payment charges equal to the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month.

(d) **No Setoff**. Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement, or set off any such amounts against any amounts claimed to be due to Franchisee.

(e) **Taxes**. If any withholding, sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any income taxes imposed upon Franchisor).

(f) **Timing of Payment**. Unless specifically set forth herein to the contrary, all amounts owed to Franchisor or its affiliate shall be due and payable to Franchisor within ten (10) days following Franchisee's receipt of an invoice therefor. Royalty Fees, Brand Fund Contributions, Technology Fees, and any other periodic fees shall be due and payable as set forth in this Agreement. Franchisor reserves the right, upon at least sixty (60) days' prior notice to Franchisee, to charge and collect any monthly fees on a weekly basis.

(g) **Fees**. Franchisor may at any time in its sole discretion, upon notice to Franchisee, modify any prices or other amounts charged by Franchisor or an affiliate for products or services, other than the Royalty Fee and Brand Fund Contribution.

8 ASSISTANCE; TRAINING; ONGOING SUPPORT

(a) **Initial Training Program**. Franchisor shall provide, at a suitable location of its choice, in Franchisor's discretion, an initial training program for Franchisee, the timing and requirements of which may vary depending on applicable law, licensure requirements, Franchisee's experience, and Franchisor's current standards, in Franchisor's sole discretion (the "Initial Training Program").

(1) The Initial Training Program will be provided without charge for up to three (3) attendees attending the Initial Training Program together before the Store opens, but any additional attendees, whether attending together or separately, will be subject to Franchisor's current charges for attendees at the Initial Training Program. Travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee. Franchisee shall have at least two (2) different individuals attend. If Franchisee is the Manager, then Franchisee and at least one (1) other employee of Franchisee shall attend and satisfactorily complete the Initial Training Program prior to commencing operation of the Store. If Franchisee is a corporation, limited liability company, or partnership, then Franchisee's Manager and at least one (1) majority owner shall attend and satisfactorily complete the

Initial Training Program prior to commencing operation of the Store. Franchisee shall have at least two (2) different people complete the Initial Training Program.

(2) Franchisee and its required trainees shall complete to Franchisor's satisfaction the Initial Training Program within thirty (30) days after the Effective Date or such later time period Franchisor may specify, but in any event before it opens the Store.

(3) If Franchisee or its required trainees fail to timely complete the Initial Training Program to Franchisor's satisfaction, Franchisor may terminate the Franchise Agreement and retain all amounts paid by Franchisee (except to the extent provided in Section 9(b)).

(4) Following commencement of operation of the Store, any new Managers must attend and complete to Franchisor's satisfaction such portions (or all) of the Initial Training Program as required by Franchisor within thirty (30) days of their start of employment or when they begin managing the Store, whichever is earlier. Franchisor will charge its current charge for such additional training, and Franchisee must pay the charge for such training prior to the beginning of such training. Travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee.

(b) **Ongoing Support**. Franchisor will be available during normal business hours, and without charge to Franchisee, to provide Franchisee with reasonable telephone and email support on operating issues concerning the Store.

(c) **Additional Optional Training**. Upon the request of Franchisee, at reasonable times determined by the parties, Franchisor will provide additional training to Franchisee on topics requested by Franchisee and agreed to by Franchisor. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge its then-current training fee, if any, plus all of Franchisor's actual costs for the trainers including travel, lodging, and meal expenses, and such fees must be paid prior to the time such training begins.

(d) **Additional Required Training**. From time to time Franchisor may require Franchisee to undergo certain training on various topics, including operations to be implemented at the Store, new procedures, or new product or service offerings. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge its then-current training fee, if any, plus all of Franchisor's actual costs for the trainers including travel, lodging, and meal expenses, and such fees must be paid prior to the time such training begins.

(e) **On-Site Training**. Upon the request of Franchisee, at reasonable times determined by the parties, Franchisor will provide additional training at the Store to Franchisee on topics requested by Franchisee and agreed to by Franchisor. If Franchisee fails to provide services that meet Franchisor's standards, specifications, or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee or its personnel at the Store to assure that such standards of quality and service are maintained. Franchisor shall charge its then-current training fee, if any, plus all of Franchisor's actual costs for the trainers including travel, lodging, and meal expenses, and such fees must be paid prior to the time such training begins.

(f) **Confidential Manual(s)**. Franchisor shall loan to Franchisee one or more manuals for use in the Store, which manuals may consist of brand standards, operations, and front desk manuals or otherwise (the "Confidential Manual(s)"), and which may be provided electronically only. The Confidential Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor, shall always be kept in safekeeping, and Franchisee shall at all times maintain the most current or updated Confidential Manual(s). Franchisor may, from time to time, add to or modify some or all of the Confidential Manual(s) to supplement or to improve the System of Operation and the contents and methods of promotion franchised hereunder.

(g) **Conferences**. Franchisor may conduct an annual or bi-annual conferences for all franchisees operating under the Names and Marks. If Franchisor chooses to hold such a conference, Franchisee must attend such conference or send a representative approved by Franchisor. Regardless whether Franchisee attends the conference, it shall pay to Franchisor one (1) conference registration fee at least ninety (90) days prior to the start of the conference.

(h) **Forms and Templates**. Franchisor may provide to Franchisee various example forms and templates Franchisee may use in the operation of the Store. Franchisor makes no representation or warranty as to the enforceability of any contracts or other forms or templates provided to Franchisee for use in its Store, or whether any such forms or templates meet the legal requirements of the jurisdiction in which Franchisee does business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms and templates to meet all laws and regulations applicable to the Store and to use no contract that does not comply with applicable law. Franchisor may from time to time update the forms and templates provided to Franchisee. Upon provision of an updated form or template to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form or template thereafter.

(i) **Level of Performance; Delegation**. Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section 16.

(j) **Notice of Deficiencies**. If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee in regard to the training, support, or any other matter affecting the establishment of the Store, Franchisee shall so notify Franchisor in writing within thirty (30) days following opening of the Store. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

9 OPENING AND OPERATION OF THE STORE

(a) **[Intentionally Deleted]**

(b) **Opening of the Store**. Franchisee may not commence operation of the Store until Franchisee has satisfied all conditions set forth in this Agreement required to be satisfied by Franchisee prior to opening the Store, including completion of the Initial Training Program to Franchisor's satisfaction and obtaining all insurance policies, licenses, permits, and certifications necessary to operate the Store. Franchisee shall provide Franchisor with at least fifteen (15) days' written notice of the proposed opening date of the Store.

(1) Franchisee shall open the Store on or before the date that is twelve (12) months from the Effective Date. The Store shall be deemed to be opened on the date certified as such by Franchisor; provided, however, that failure by Franchisor to certify the Store as opened shall not relieve Franchisee from its obligation to pay Royalty Fees, Brand Fund Contributions, and any other amounts hereunder.

(2) If Franchisee fails to timely open the Store, Franchisor may terminate this Agreement and retain all amounts Franchisee has paid to Franchisor or its affiliates.

(c) **Management of the Store; Owners**. Franchisee shall employ an on-site manager who is responsible for the general operation and management of the Store and for establishing, implementing, monitoring, and enforcing Franchisor's policies (the "Manager"). Franchisee (or an owner of Franchisee if Franchisee is not an individual) may be the Manager. Notwithstanding the foregoing, Franchisee shall at all times be held responsible for the day-to-day operation and management of the Store. At the time this Agreement is executed by Franchisee, Franchisee shall also complete the Statement of Ownership and Management attached hereto, and, if Franchisee is a corporation, partnership, or limited liability company, each owner as of the date hereof, as well as any future owners, must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Franchisee. Franchisee shall immediately notify Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Statement of Ownership and Management.

(d) **Personnel**. Franchisee shall conduct background checks on all employees prior to their hire, as may be required by Franchisor. Franchisee shall otherwise hire all personnel of the Store, and be exclusively responsible for the terms of their relationships with Franchisee, including compensation, education and training, discipline, and termination. Furthermore, Franchisee shall require each Manager, as a condition to their employment, to enter into a noncompetition and confidentiality agreement, enforceable by Franchisor, restricting the disclosure of confidential information and competition with Franchisee and Franchisor to the same extent as Franchisee is restricted under this Agreement. If there is a violation of that agreement, Franchisee shall take all action necessary to enforce that agreement. If Franchisee fails to enforce that agreement, it shall be liable to Franchisor for any damages, costs, and losses suffered by Franchisor, including any attorneys' fees Franchisor may incur if it elects to attempt to enforce that agreement on Franchisee's behalf. In such event, Franchisee shall execute all documents reasonably requested by Franchisor in connection with such enforcement attempt. Franchisee shall provide Franchisor an executed copy of each such agreement immediately upon execution by Franchisee and a Manager. Franchisee shall post a notice in the Store, conspicuous to Franchisee's employees, notifying Franchisee's employees that they are employees of Franchisee and not of Franchisor. Franchisee shall also obtain from each of its personnel an acknowledgment signed by such personnel providing that such individual understands, acknowledges, and agrees that he or she is an employee of Franchisee and not Franchisor and that such individual shall look solely to Franchisee for his or her compensation and for all other matters related to their relationship with Franchisee.

(e) **Training**. Franchisee shall provide to each of its staff members a training program meeting Franchisor's requirements, including any new staff members and Managers. Franchisee shall also provide such other periodic training to such individuals as is required by Franchisor. Franchisee shall provide to Franchisor, upon Franchisor's request, a certification that all of such individuals have successfully completed the training programs.

(f) **Maintenance of High Quality Service**. Franchisee shall utilize its best efforts, skill, and diligence to ensure that Franchisee and Franchisee's employees, contractors, and agents establish and maintain high quality service to all doing business with the Store, including customers and vendors. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Names and Marks.

(g) **Products and Services**. Franchisee shall not offer any products and services through the Store or under the Names and Marks that are not approved by Franchisor or that are not permitted to be sold under Franchisee's cannabis dispensary license. All such products and services must meet Franchisor's standards and specifications. Franchisee may not use the Store to operate any business, or offer any products or services, that have not been approved by Franchisor. Franchisee shall purchase and use any additional supplies, products, ingredients, furniture, fixtures, and equipment necessary to offer any products or services that Franchisor may from time to time require Franchisee to offer and sell through its Store.

(1) Franchisee shall only sell the products and services Franchisor specifies to retail customers at or from its Store, and all sales must be face-to-face to retail customers, for carry-out or take-away consumption or use. Franchisee must obtain Franchisor's prior written approval if Franchisee wishes to engage in off-premises catering or delivery activities, including through food trucks or any third-party ordering and delivery services or aggregators that Franchisor has not pre-approved. If Franchisor provides its approval, Franchisee may engage in these off-premise activities provided that Franchisee agrees to comply with the programs, policies, and other terms and conditions that Franchisor may establish and Franchisee is licensed to engage in such off-premise activities. Franchisor may require Franchisee to participate in one or more third-party ordering and delivery services or aggregators with one or more vendors that Franchisor has approved for the Sweetspot franchise system.

(2) Franchisee may only take the forms of payment for its products and services that Franchisor may specify from time-to-time, subject to applicable law. Franchisee shall set its own pricing for the products and services it offers in the Store; provided, however, Franchisee shall adhere to any minimum and maximum prices prescribed by Franchisor for services or products offered by Franchisee, in accordance with applicable law.

(3) Franchisee shall keep the Store open for business during the days of the week and hours of service specified by Franchisor, subject to applicable law. Franchisee shall not provide products or services outside of such days and/or hours specified by Franchisor.

(h) **Compliance with Specifications and Procedures**. Franchisee acknowledges that the Confidential Manual(s) are designed to protect Franchisor's standards and System of Operation, and the Names and Marks, and not to control the day-to-day operation of the business or the employment practices of Franchisee. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor as well as all mandatory standards, specifications, and procedures contained in the Confidential Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives. In addition to any damages otherwise due under this Agreement, applicable law, or otherwise and costs of enforcement and defense (including attorney fees), Franchisee shall pay Franchisor a non-compliance fee of up to Five Hundred Dollars ($500) per each incident where Franchisee fails to comply with a mandatory System of Operation requirement or specification and does not timely cure such default as provided in this Agreement.

(i) **Computer Systems**. Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service and obtain and use, at Franchisee's expense, and in the manner and form and meeting such minimum standards as Franchisor may approve or require, computer equipment, point-of-sale system, operating software, communication services, and other electronic and computer systems, and the like, for communicating, reporting, managing, and operating the Store. Franchisor shall have independent access to all of Franchisee's computer systems, excluding any employment records, and Franchisee shall provide Franchisor upon request with any passwords or login ability to access all such computer systems. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System of Operation. Franchisee shall maintain a working email address to communicate with Franchisor. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee in the conduct of its business, excluding any employment records.

(j) **Technology Upgrades**. Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Store at any time and without regard to any expenditure or frequency limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace its computer system, to replace or upgrade hardware or software used by Franchisee in the Store, or to require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Store.

(k) **Provision of Information**. Franchisee acknowledges and agrees that any and all information provided to Franchisee by Franchisor or any affiliate of Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees that Franchisor and any affiliate of Franchisor or any third-party supplier approved by Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(l) **Franchisee Control of the Store**. Franchisee acknowledges that it is responsible for the day-to-day operation of its Store, including hiring; setting the conditions of employment; supervising, discipline, and termination of all personnel; purchases or leases and maintenance of equipment and supplies; maintenance of employment records; and daily maintenance, safety, security, and the achievement of compliance with the System of Operation. Franchisor's ability to approve certain matters, to inspect the Store and its operations, and to enforce its rights, exists only to the extent necessary to protect its interest in the System of Operation and the Names and Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Store, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(m) **Taxes**. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Store. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Store, or any part thereof.

(n) **Programs**. Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time, including any gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer or other membership or loyalty programs. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion. Franchisee shall sell, issue, and redeem (without any offset against any fees payable to Franchisor) gift cards and gift certificates in accordance with procedures and policies specified by Franchisor, including those relating to procedures by which Franchisee shall request reimbursement for such gift cards or gift certificates issued by other Sweetspot stores and for making timely payment to Franchisor, other operators of Sweetspot stores, or a third-party service provider for gift cards or gift certificates issued from the Store that are honored by Franchisor or other Sweetspot franchisees. Franchisee shall not create or issue its own gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer or other membership programs.

(o) **Compliance with Laws**. Franchisee shall comply with all laws and regulations applicable to its Store, including all zoning laws, licensing and permitting requirements, anti-discrimination laws, laws regarding the protection of private information, the Americans with Disabilities Act, laws regarding point-of-sale disclosures, and environmental and disposal laws. Without limiting the foregoing:

(1) Franchisee acknowledges and agrees that businesses in the cannabis industry are considered highly regulated. The federal Controlled Substances Act (21 U.S.C. §§ 801-904) and The Food, Drug and Cosmetics Act (21 U.S.C. §§ 301-399i) prohibit individuals and businesses from manufacturing, distributing, dispensing, possessing, or using cannabis as a Schedule I controlled substance. Franchisee acknowledges and agrees that while the state in which the Store is or will be located has legalized the sale, possession, or use of cannabis for recreational purposes, these state laws conflict with federal law, and a state law permitting the sale, possession, or use of cannabis may be preempted by federal law. It is also possible that a federal agency may enforce federal laws despite these state laws, including as they apply to the Store.

(2) Franchisee must obtain all required licenses and permits to operate the Store. Franchisee, and anyone with a financial, profit-sharing, or management interest in the Store, must comply with all applicable laws and regulations during the opening and operation of its Store, which includes cannabis-specific state and local licensing requirements, banking laws (including anti-money laundering statutes), any employee training requirements (including fake ID/counterfeit cash), and laws affecting the transportation and delivery of cannabis. Franchisee acknowledges and agrees that: (a) retailers of cannabis products (especially recreational marijuana dispensaries) are subject to highly specific local and state rules about how they may operate, which differ from state-to-state and from one local jurisdiction to another; (b) these local and state rules often include restrictions on hours of operation for recreational retail marijuana sellers; maximum sale amount per recreational adult customer; restrictions on the sale of non-cannabis products at retail recreational marijuana locations; requirements that consumers leave a retail location with their purchases in child-resistant packaging (known as exit packaging); signage, display, point-of-sale, and price restrictions and disclosures for retail sales of recreational marijuana; and facility and security requirements for licensed premises; (c) because cannabis is a Schedule I controlled substance under federal law, there are restrictions on what expenses may be deductible when filing an annual tax return; and (d) there may also be limitations on the transfer of a cannabis-related license to other individuals or entities.

(3) Franchisee agrees to comply with all applicable laws, even if doing so substantially alters the operation of its Store, terminates specific product or services lines, or imposes new or additional costs.

(4) Franchisee acknowledges and agrees that the foregoing is not a comprehensive list of the laws applicable to its Store, and new laws may be enacted, or existing laws may be repealed or changed. Franchisee must investigate federal, state, and local laws to ensure continued compliance.

(p) **Minimum Annual Gross Sales Requirement**. During the first year after the opening of the Store, Franchisee must generate through its Store minimum annual Gross Sales of Four Hundred Eighty Thousand Dollars ($480,000). During the second year after the opening of the Store, Franchisee must generate through its Store minimum annual Gross Sales of Nine Hundred Sixty Thousand Dollars ($960,000). During the third year after the opening of the Store and each subsequent year during the Term of the Franchise and any successor franchise agreement(s), Franchisee must generate through its Store minimum annual Gross Sales of One Million Five Hundred Thousand Dollars ($1,500,000) per year. Franchisee's failure to generate the minimum annual Gross Sales by the end of any annual period above gives Franchisor the right to terminate this Agreement, or, in lieu of termination, to eliminate the Designated Territory or require Franchisee to operate under an approved performance management plan. The initial year shall be prorated based upon the number of months left in the year as of the opening date of the Store. However, if there are less than six (6) months left in the year when the Store opens the first year shall be the year beginning on January 1 in the year immediately following the year in which the Store opens.

10 NAMES AND MARKS

(a) **Display of Names and Marks**. Franchisee shall operate under, and prominently display, the Names and Marks in the operation of the Store in the manner specified by Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. If this Agreement is assigned to, or Franchisee is a, corporation, partnership, or limited liability company, Franchisee may not use all or part of the Names and Marks as part of the name of the corporation, partnership, or limited liability company (except to the extent required by applicable law), and Franchisee must obtain Franchisor's prior written approval of the name of the corporation, partnership, or limited liability company prior to incorporation, formation, or organization, as applicable. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol, or variant thereof, in a domain name, account name, profile, or URL, except as specifically approved by Franchisor.

(1) If Franchisor deems it advisable, Franchisee shall file for and maintain a "Certificate of Trade Name" or "Assumed Name" in the county or state, or other appropriate jurisdiction, in which the Store is located.

(2) Franchisee shall not use any of the Names and Marks in combination with other words, letters, prefixes, suffixes, logos, or designs, other than in the manner authorized by Franchisor.

(b) **Change of Names and Marks**. From time to time, Franchisor may elect to discontinue the use of certain Names and Marks and to commence use of new Names and Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Names and Marks in the Store and commencing the use of new Names and Marks therein.

(c) **Ownership of Marks and Goodwill**. Franchisee acknowledges that Franchisor owns the Names and Marks. Franchisee's right to use the Names and Marks is under a license derived solely from this Agreement and all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor. Franchisee waives any right to challenge Franchisor's entitlement or ownership of the Names and Marks.

(d) **Cessation of Use**. Franchisee agrees that, upon termination of the Term of the Franchise for any reason whatsoever, Franchisee shall immediately discontinue the use of the Names and Marks, and thereafter shall no longer use, or have the right to use, the Names and Marks. Franchisee agrees that, if any of the Names and Marks (including the words "Sweetspot" or "Sweetspot Dispensary" or any other similar words) are contained in its legal name or "Certificate of Trade Name" or "Assumed Name", Franchisee shall immediately take all necessary steps to change its legal name and cancel all "Certificate of Trade Names" and "Assumed Names" upon the termination of this Agreement for any reason.

(e) **Notification of Infringement**. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of present and future Names and Marks and shall not communicate with any other person in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any trademark office or other administrative proceeding arising out of any such infringement, challenge, or claim relating to any of the Names and Marks.

11 FURNITURE, FIXTURES, AND EQUIPMENT; SUPPLIES AND SERVICES

(a) **Maintenance and Replacement**. Franchisee shall maintain all furniture, fixtures, and equipment, design and décor, and technology used in the Store in excellent working condition. As such items become damaged, worn, obsolete, unsafe, or mechanically impaired to the extent they require repair or replacement, Franchisee shall repair or replace such items with either the same or substantially similar types and kinds of furniture, fixtures, or equipment, design and décor, or technology as are being installed in other, similar businesses franchised by Franchisor, or opened by Franchisor or its affiliates, at the time repair or replacement becomes necessary. Franchisee shall purchase, install, and use any additional furniture, fixtures, and equipment, design and décor, and technology necessary to offer any products or services that Franchisor may from time to time require Franchisee to offer and sell through its Store. All such furniture, fixtures, and equipment, design and décor, and technology used in the Store shall meet the specifications of Franchisor and shall be approved by Franchisor prior to installation or use thereof.

(b) **Specifications and Approved Suppliers**. Unless Franchisor otherwise approves, the furniture, fixtures, and equipment, design and décor, branded items and signage, computer hardware and software, technology and security systems, payment processing services, products, inventory and supplies Franchisee purchases for use or sale at the Store, insurance, and advertising and marketing materials, must meet Franchisor's specifications as they may be provided to Franchisee from time to time. From time to time, Franchisor shall provide Franchisee a list of approved suppliers of furniture, fixtures, and equipment, products, inventory and supplies, software and hardware, insurance, and other items or services necessary to operate the Store. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. Franchisor, an affiliate, or an unrelated third party may be the sole source of supply for an item, including any products, inventory, and supplies used in the Store.

Without limiting the foregoing, if Franchisor or its affiliate operates a grow facility in the state in which the Store is located, or a grow facility that is otherwise permitted under state and federal law to distribute and sell to Franchisee cannabis ingredients and products (wherever located), then Franchisor may require that Franchisee purchase from this grow facility (or its authorized distributor) certain cannabis ingredients and products for resale that Franchisor or its affiliate may grow and cultivate or otherwise make available for distribution and sale in such state. Franchisor may require Franchisee to purchase all such items from this grow facility or a certain minimum portion of its inventory for resale from this grow facility. Franchisee acknowledges and agrees that its source of certain cannabis ingredients and products for resale may be different than sources used by other Sweetspot franchisees based on the location of its Store and applicable state and federal laws, and may change during the Term of the Franchise. Franchisor or its affiliates may be the only approved suppliers for some or all of these items.

(c) **Approval of Alternative Suppliers**. Franchisee shall obtain the written approval of Franchisor prior to the use of any supplier not previously approved by Franchisor and, as a precondition to the granting of such approval, Franchisor may require the proposed supplier to submit to Franchisor samples of products it proposes to provide to Franchisee for use in the Store and any other information Franchisor requires. Franchisor shall have ninety (90) days from its receipt of all such information to approve or reject such supplier. Any supplier not approved in such time period shall be deemed rejected.

(d) **Liability**. Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor, its affiliates, or an approved supplier to make available for purchase any item or service, unless the failure is the result of factors within Franchisor's reasonable control.

12 INFORMATION, REPORTS, INSPECTIONS, AND AUDITS

(a) **Books and Records; Financial Reports**. Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such operational, financial, and sales information relating to the business of Franchisee as from time to time may be reasonably required by Franchisor, including revenue and sales information and inventory counts all in the forms as required by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisor has the right to share any such financial information and other information Franchisee provides to Franchisor with other Sweetspot franchisees and to publicly disclose and include Franchisee's financial information in Franchisor's franchise disclosure document. Except for the foregoing rights, Franchisor will keep such financial information confidential, unless the information is: (1) requested by tax authorities; or (2) used as part of a legal proceeding. Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual income and sales tax returns, if any.

(b) **Audit Rights**. Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, excluding any employment records. If any audit discloses that Franchisee has failed to pay to Franchisor any Royalty Fees, Brand Fund Contributions, or other amounts owed to Franchisor based upon an understatement of Gross Sales, Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the Royalty Fees, Brand Fund Contributions, and other amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Sales of the Store for any period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, room and board, and compensation of persons retained by Franchisor to make the audit.

(c) **Inspection; Communication**. Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Store and its operations. Franchisor and its representatives may also, without notice to Franchisee, interview and survey customers of the Store and otherwise communicate with such customers as it in its sole discretion determines.

(d) **Ownership of Information**. All information Franchisor obtains from Franchisee or about or related to the Store (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property, excluding any employment records (which shall belong solely to and be the responsibility of Franchisee). Franchisee may use information that it acquires from third parties in operating the Store at any time during the Term of the Franchise to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Store for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional, and national requirements applicable to the Store. Further, Franchisee recognizes and agrees that between Franchisee and Franchisor, Franchisor owns all rights to and all interest in and to any data, whether customer data, click-stream data, user data, reviews or otherwise, hits or other information collected via any electronic medium or method of communication, including via a website, home page, HTML document, Internet site, online directory, web page, or social media or social networking site, or application, whether web-based or otherwise, related to the Sweetspot franchise system or the Names and Marks. Such information is deemed by Franchisor to be and constitutes its confidential information.

13 INSURANCE

(a) **Type of Coverage**. At all times during the Term of the Franchise, Franchisee shall maintain in force, at its sole expense, on a primary and non-contributory basis, at a minimum, commercial general liability insurance against claims for bodily and personal injury, death, and property damage caused by, or incurred in the operation of, or conduct of business by, Franchisee or its employees; personal property insurance; builders risk insurance; product liability insurance; business income and extra expense insurance; and workers' compensation insurance; and such other types of insurance and all in such amounts, as may be specified by Franchisor from time to time.

(1) The insurance coverage shall be maintained under one (1) or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Franchisor and insured by insurance companies meeting Franchisor's requirements.

(2) All insurance policies shall name Franchisor as an additional insured and provide for a waiver of subrogation, other than workers compensation. All insurance policies shall provide that Franchisor receive ten (10) days' prior written notice of termination, expiration, reduction, or cancellation of any such policy.

(3) Franchisee shall submit to Franchisor, annually, a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy.

(b) **Failure to Obtain**. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Franchisee on demand.

14 CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE

(a) **Maintenance of Confidence**. Franchisee acknowledges that all of the information it has now or obtains in the future concerning the System of Operation, including the Confidential Manual(s), and the concepts and methods of promotion franchised hereunder, is derived from Franchisor pursuant to this Agreement, and that such information will be treated in confidence and shall only be used for the purposes of operating a Store as set forth in this Agreement. Franchisee agrees never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Delaware Uniform Trade Secrets Act, Delaware Code Title 6, Subtitle II, Chapter 20), or the disclosure, divulgence, or distribution of all or any part of the System of Operation and the concepts and methods of promoting Franchises hereunder.

(b) **Improvements**. If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System of Operation, including any new products, trade names, trade and service marks and other commercial symbols related to the Store, or any advertising, promotion, or marketing ideas related to the Store ("Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and its affiliates and all other franchisees of Franchisor without any obligation to Franchisee for royalties or similar fees. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

15 RESTRICTIVE COVENANTS

(a) **Covenants**. Franchisee acknowledges Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance and trade secrets in direct competition with Franchisor. Franchisee therefore agrees that it shall not:

(1) During the Term of the Franchise, either directly or indirectly: (a) operate, own, manage, or be employed by or consult with, any Competitive Business other than one operated under a valid franchise agreement with Franchisor, or any business or venture that is granting franchises or licenses for the operation of a Competitive Business; or (b) divert or attempt to divert any customer or potential customer to any competitor of the Sweetspot system.

(2) For a period of two (2) years following the termination or assignment of this Agreement, either directly or indirectly operate, own, manage, be employed by or consult with any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, or any business or venture that is granting franchises or licenses for the operation of a Competitive Business, that is located or doing business in the Restricted Area. In the event of the violation of this Section 15(a)(2) by Franchisee following termination or assignment of this Agreement, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

(b) **Franchisee Acknowledgments**. Franchisee agrees that the restrictions contained in this Section 15 are reasonable and necessary to protect the interests of Franchisor and other franchisees of Franchisor. Franchisee further acknowledges that because of the narrow scope of the limitations, the foregoing restrictions do not unduly restrict Franchisee's ability to engage in gainful employment. If Franchisee violates these restrictions, then in addition to damages incurred by Franchisor for which Franchisee shall be liable, Franchisor shall be entitled to injunctive relief to prevent the continuation of such breach.

16 ASSIGNMENT

(a) **By Franchisor**. This Agreement is fully assignable by Franchisor without the consent of or prior notice to Franchisee, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) **General Prohibition on Franchisee Assignment**. No Franchisee, partner (if Franchisee is a partnership), shareholder (if Franchisee is a corporation), or member (if Franchisee is a limited liability company), without the prior written consent of Franchisor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, lease, have redeemed, or encumber to any person, trust, firm, corporation, partnership, or company, its interest in this Agreement or its interest in the Franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company which, directly or indirectly, owns any interest in the franchise, or its interest in the Store, or the assets of the Store. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

(c) **Conditions to Franchisee Assignment**. Franchisor shall not unreasonably withhold its consent to any assignment provided the following conditions and requirements shall first be satisfied:

(1) If Franchisee desires to assign or transfer all of its rights to a partnership, corporation, or limited liability company controlled by Franchisee:

(a) the transferee shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the Store;

(b) the transferee shall have or obtain all licenses and permits necessary to operate the Store, including a valid cannabis dispensary license, and Franchisee shall obtain all regulatory approvals required of such assignment or transfer;

(c) Franchisee, if a natural person, shall be and shall remain the principal executive officer of the transferee;

(d) Franchisee shall be and shall remain in control of the transferee and shall be and shall remain the owner of all of the issued and outstanding voting stock or membership interests of the transferee corporation or limited liability company or, in the case of a partnership, of all of the voting control of the transferee partnership;

(e) each stock or membership certificate of the transferee corporation or limited liability company, or the partnership agreement of the transferee partnership, shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(f) no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(g) the transferee shall enter into a written agreement with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations hereunder;

(h) all the partners, shareholders, or members of the transferee shall enter into a written agreement in a form satisfactory to Franchisor jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under this Agreement; and

(i) all accrued money obligations of Franchisee to Franchisor and its subsidiaries, affiliates, and assigns shall be satisfied prior to assignment or transfer.

(2) If an assignment (other than an assignment as set forth in Section 16(c)(1)), alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring control of Franchisee, the Franchise created hereby, or the Store:

(a) the transferee, and every person with a financial, profit-sharing, or management interest in the Store, shall meet Franchisor's then-current standards and application requirements for the issuance of a Franchise, meet Franchisor's minimum liquid capital amounts, pass all background checks, credit checks, and interviews required by Franchisor, be of good moral character and reputation, be properly licensed and in good standing with the state in which the Store is located (including having a valid cannabis dispensary license), and shall have such other credit rating, financial capabilities, and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with the information it may reasonably require to make a determination concerning each proposed transferee;

(b) the transferee shall have or obtain all licenses and permits necessary to operate the Store, including a valid cannabis dispensary license, and Franchisee shall obtain all regulatory approvals required of such assignment or transfer;

(c) the transferee, including all shareholders, members, and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, for the remaining term of this Agreement, except that all pre-opening obligations of the parties shall be waived, other than the transferee's obligation to complete the Initial Training Program to Franchisor's satisfaction;

(d) the purchase price paid by the transferee for the Store shall be reasonable as determined in Franchisor's sole discretion, and exclude any goodwill of the Store;

(e) if the transferee is a corporation, limited liability company, or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(f) if the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(g) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee shall pay to Franchisor a transfer fee of Twenty Thousand Dollars ($20,000).

(h) Franchisee shall have executed an agreement in form satisfactory to Franchisor in which it agrees to: (a) release any claims it has against Franchisor and its affiliates; (b) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; and (c) comply with the post-term obligations set forth herein, including the non-competition and confidentiality provisions;

(i) if the transferee is a corporation, limited liability company, or partnership, all the shareholders, members, or partners of the transferee, and their spouses, shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and

(j) if the assignment or transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation, or limited liability company, by the death or incapacity of one controlling more than forty-nine percent (49%) of the voting interest of Franchisee), the provisions of this Section 16(c)(2) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise within one hundred twenty (120) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred, or sold, and not Franchisee's heir or personal representative, must comply with the provisions of this Section 16(c)(2) as transferee.

(d) **Non-Controlling Transfers**. Notwithstanding anything set forth herein to the contrary, Franchisee may not transfer a portion of its rights or obligations hereunder or a portion of the Store, or a non-controlling interest in Franchisee, the Franchise created hereby, or the Store, without Franchisor's approval and the satisfaction of the conditions set forth in Section 16(c)(2) as Franchisor may require.

(e) **Disclosure**. Franchisee consents to Franchisor releasing to any proposed transferee and regulatory agency any information concerning the Store, whether provided by Franchisee or otherwise obtained by Franchisor.

17 RIGHT OF FIRST REFUSAL

(a) If, at any time during the Term of the Franchise, Franchisee receives a bona fide offer to purchase or lease the Store, including the Store or the property upon which the Store is located, or any owner of Franchisee receives an offer to purchase any interest in Franchisee, either directly or indirectly, which offer Franchisee or such owner is willing to accept, Franchisee shall communicate in writing to Franchisor the full terms of the offer and the name of the offeror, and Franchisee shall provide to Franchisor any and all information, documents, or agreements reasonably requested by Franchisor, including the executed purchase or lease agreement and past financial statements of Franchisee or related to the Store, as prepared by an independent accountant. Franchisor, or a third party identified by Franchisor, may elect to purchase or lease the business, the property, or the interest, as applicable, on the terms set forth in the offer. If Franchisor elects to exercise such option, it shall give Franchisee written notice of the election within sixty (60) days after Franchisor receives Franchisee's complete and accurate communication of the offer (including all information, documents, or agreements requested by Franchisor). If Franchisor fails to give written notice of election within such sixty (60) day period, Franchisee or the owner, as the case may be, may sell or lease to the offeror on the terms offered, subject to Section 16. The sale or lease must, however, be completed within sixty (60) days of the termination of the sixty (60) day period during which Franchisor may give written notice of election to purchase or lease; otherwise, an additional notice must be given to Franchisor and an additional option period must expire prior to any such transfer. If Franchisor elects to exercise its rights hereunder, it shall have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer and Franchisor and Franchisee or Franchisee's owner, as the case maybe, will use their best efforts to complete the transaction within sixty (60) days from the date of Franchisor's notice of election to exercise its rights hereunder.

(b) Franchisor may assign, transfer, or sell its rights under this Section 17 to any third party, including another franchisee of Franchisor. The failure of Franchisor to exercise its rights under this Section 17 shall not affect Franchisor's right to approve or disapprove an assignment as set forth in Section 16 above.

18 PRE-TERMINATION OPTIONS OF FRANCHISOR; MANAGEMENT ASSISTANCE

(a) **Rights in Addition to Termination**. Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates or fails to comply with any term of this Agreement or any other agreement between Franchisor and Franchisee or an affiliate of Franchisor and Franchisee, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor shall have the option to:

(1) Prohibit Franchisee from attending any trainings, conventions, meetings, or seminars held or sponsored by Franchisor or taking place on the premises of Franchisor;

(2) Remove any listing of the Store from any advertising and Franchisor-Identified Social Media Presence; and

(3) Suspend the provision of any or all of the services or the sale of any or all products, inventory, or supplies provided by or through Franchisor or its affiliate to Franchisee.

(b) **Continuation of Franchisor Options**. Franchisor's actions, as provided in this Section 18, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. Franchisee acknowledges and agrees that the taking by Franchisor of any of these actions shall not deprive Franchisee of a substantial portion of the benefits provided to it under this Agreement and therefore the taking of any of the actions permitted in this Section 18 shall not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement, or otherwise, nor shall Franchisee assert that the taking of any such actions shall act as an actual or constructive termination of this Agreement.

19 TERMINATION

(a) **By Franchisor**. In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon receipt by Franchisee of notice of termination, if Franchisee:

(1) Loses the right to occupy the Store's premises;

(2) Voluntarily abandons the Franchise relationship;

(3) Loses any license or permit required by applicable law and necessary for the operation of the Store, or receives a citation related to any cannabis license which is not cured to the satisfaction of Franchisor and the appropriate governmental agency within ten (10) days after notice to Franchisee;

(4) Or any owner of Franchisee is convicted in a court of competent jurisdiction of, or pleads guilty or no contest to, an offense directly related to the Store or the use or sale of cannabis products, including any offense that indicates unsuitability for the provision or sale of cannabis products;

(5) Fails to comply with any federal, state, or local law or regulation applicable to the operation of the Store;

(6) Fails to cure a default under this Agreement which materially impairs the goodwill associated with the Names and Marks after Franchisee has received written notice to cure at least twenty four (24) hours in advance of the notice of termination;

(7) Fails to meet any minimum annual Gross Sales requirement by the end of any annual period under Section 9(p);

(8) Submits to Franchisor two (2) or more sales reports, financial statements, other information or supporting records in any period of twelve (12) consecutive months, which understates by two percent (2%) or more the Gross Sales of the Store, or otherwise materially distorts any other material information;

(9) Consistently fails to submit when due sales reports or financial statements to Franchisor;

(10) Fails to pay when due any fees or other payments due to Franchisor and such failure continues for ten (10) days after notice to Franchisee;

(11) Consistently fails to remit when due payments to suppliers or other creditors of the Store, and such failure continues for ten (10) days after notice to Franchisee;

(12) Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due;

(13) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution, or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated bankrupt or insolvent;

(14) Makes an unauthorized assignment or transfer of this Agreement, the Store, or the Franchise;

(15) Has made material misrepresentations on its application for the Franchise;

(16) Is in breach of any other agreement with Franchisor or any of its affiliates and such failure continues for thirty (30) days after notice to Franchisee; or

(17) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee.

Notwithstanding the foregoing, compliance with applicable New York laws and regulations will not constitute a violation of this Agreement.

(b) **By Franchisee**. Franchisee may terminate this Agreement and the Franchise granted hereunder effective ten (10) days after delivery to Franchisor of notice of termination, if Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to Franchisor.

(c) **Compliance with Applicable Law**. The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal, or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor shall comply with applicable law in connection with each of these matters.

(d) **Actions Upon Termination or Assignment**. Franchisee agrees, upon termination of the Agreement or assignment of the Franchise:

(1) To immediately return to Franchisor all copies of all Confidential Manual(s) that have been loaned to it by Franchisor and any material marked as property of Franchisor or as confidential;

(2) To immediately pay to Franchisor such Royalty Fees, Technology Fees, Brand Fund Contributions, and other charges as have or will thereafter become due hereunder and are then unpaid including amounts due for printed materials, forms, advertising material, supplies, products, and services supplied by Franchisor, and upon the request of Franchisor, to comply with its obligations under Section 3(b)(4) and/or Section 19(e);

(3) To immediately take such action as may be required to properly cancel or change all corporate, business, or other legal names and assumed name or equivalent registrations relating to the use of or containing any of the Names and Marks, and notify

the telephone company, any domain name registrar, any Internet service provider, and all listing agencies of the expiration or termination of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers, and classified and other directory listings associated with any Franchisor-Identified Social Media Presence, or that include any portion of the Names and Marks, and authorize the telephone company, domain name registrars, Internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Names and Marks, or any word, phrase or symbol confusingly similar to any of the Names and Marks, including any Franchisor-Identified Social Media Presence, as well as any content thereon. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration;

(4) To not indicate directly or indirectly, in any manner, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of Franchisor's system, or as otherwise associated with Franchisor, or use, in any manner or for any purpose, any of the System of Operation, concepts, and methods of promotion, or Names and Marks, or any other indicia of a business operated under the Names and Marks; and

(5) To immediately cause all signs using the Names and Marks to be removed. If Franchisee fails to remove such signage, Franchisor shall be entitled to remove and destroy the signage, without prior notice to Franchisee, and Franchisee shall be obligated to reimburse Franchisor for all costs associated with such removal and destruction.

(e) **Option to Purchase**. Upon the termination of the Term of the Franchise, Franchisor shall have the first option (but not an obligation), exercisable for sixty (60) days, to purchase from Franchisee at fair market value the location or premises for the Store (if owned by Franchisee or its affiliate) and/or any or all of the approved inventory, furniture, fixtures, and equipment, supplies, signs, and branded items owned by Franchisee and used in the operation of the Store. If Franchisor and Franchisee cannot agree on the fair market value of any such item, such items shall be valued by an independent business appraiser appointed by Franchisor, at Franchisor's sole cost, who shall determine the fair market value of such items excluding any goodwill associated thereto. Franchisor may assign, transfer, or sell its rights under this Section 19(e) to any third party, including to another franchisee of Franchisor.

(f) **Survival of Provisions**. All obligations of Franchisor and Franchisee that expressly or by their nature survive the termination of this Agreement or assignment of the Franchise, including the post-termination rights and obligations, non-competition, confidentiality, indemnification, and enforcement and dispute resolution provisions herein, shall continue in full force and effect subsequent to and notwithstanding the termination of this Agreement or assignment of the Franchise, until they are satisfied in full or by their nature expire.

(g) **Communication with Third Parties**. After Franchisor provides Franchisee with notice of any default hereunder, Franchisor can notify any third parties, including any landlords, lenders, and customers, of the default and communicate with such third parties regarding Franchisee and the Store.

20 ENFORCEMENT

(a) **Mediation**. Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, Franchisee and Franchisor shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any arbitration against the other.

(1) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence an arbitration hearing or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 20(a)(1), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall be a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.

(2) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Store or the principal office of Franchisor.

(3) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates arbitration without complying with their obligation to mediate in accordance with this Section 20(a) (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 20(a)), then upon petition of any party named as a respondent in such arbitration, the arbitrator shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the arbitrator refuses for any reason to dismiss the arbitration, then regardless of the outcome of such arbitration, or of any award given by the arbitrator in such arbitration, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 20(a).

(b) **Arbitration**. All disputes and claims arising out of or relating to this Agreement or any provision hereof, or to any specification, standard, or operating procedure, of Franchisor or to the breach thereof (including any claim that this Agreement, any provision thereof, any specification, standard, or operating procedure or any other obligation of Franchisee or Franchisor is illegal, unenforceable, or voidable under any law, ordinance, or ruling) shall be settled by arbitration at the office of the American Arbitration Association located in Somerset, New Jersey, in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise license agreements, if any, otherwise, the general rules of commercial arbitration).

(1) Any arbitrator appointed to arbitrate a dispute under this Agreement shall have at least ten (10) years' experience in franchise matters and shall have the right to award or include in any award the specific performance of this Agreement.

(2) The arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator shall have no authority to add, delete, or modify in any manner, the terms and provisions of this Agreement. However, if an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator shall file a reasoned brief with his or her award.

(3) If there is any dispute as to whether a particular claim or matter is subject to arbitration, the decision as to whether or not the claim is subject to arbitration shall be made by the arbitrator appointed in accordance with this Agreement.

(4) Any award from the arbitrator may be appealed under the Optional Appellate Arbitration Rules of the American Arbitration Association. Judgment upon any final arbitration award may be confirmed exclusively in the Essex County, New Jersey state courts and the parties expressly consent to the jurisdiction the Essex County, New Jersey state courts for any and all award enforcement proceedings. The award shall be binding, final, and nonappealable except as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 20(b). Unless this Agreement is terminated in accordance with the provisions of Section 19, during the pendency of the arbitration proceeding, Franchisee and Franchisor shall fully perform this Agreement.

(5) All arbitration proceedings will be individual proceedings between Franchisor and Franchisee, and will not be conducted on a "class basis," or include any of Franchisor's other franchisees as named parties unless Franchisor and Franchisee each agree.

(6) Either party may apply for injunctive or other equitable relief to: (1) enforce its right to terminate this Agreement for the causes in Section 19; and (2) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following the termination of this Agreement and enforcement of the non-competition and confidentiality provisions of this Agreement. The parties expressly agree that any such claims for equitable, emergency or injunctive relief must be determined by arbitration and conducted in accordance with this Section 20(b). Any claims for emergency or injunctive relief are subject to Rule 38 of the American Arbitration Association's Commercial Rules governing Emergency Measures of Protection.

(c) **Waiver of Personal Jurisdiction in the Federal Courts.** Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, the exercise of personal jurisdiction by any federal court, including the United States District Courts, over this Agreement or the relationship between Franchisor and Franchisee (and Franchisee's owners and guarantors).

(d) **Costs**. If Franchisor secures any injunction against Franchisee, or any other relief by arbitration or otherwise against Franchisee, or is successful in defending a claim brought against it by Franchisee in an arbitration or otherwise, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, filing fees and other costs, other litigation or arbitration expenses, and travel and living expenses.

(e) **Waiver of Certain Damages**. Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, consequential, special, or exemplary damages against the other and any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.

(f) **Waiver of Collateral Estoppel**. The parties agree they should each be able to settle, mediate, arbitrate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

(g) **WAIVER OF JURY TRIAL**. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL ACTION, PROCEEDING, CAUSE OF ACTION OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) IT MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, AND (D) IT HAS DECIDED TO ENTER INTO THIS AGREEMENT IN CONSIDERATION OF, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 20(g).

(h) **Remedies Cumulative**. All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

21 INDEPENDENT CONTRACTORS; INDEMNIFICATION

(a) **Independent Contractor; Evidence of Relationship**. Franchisee is a franchisee of Franchisor. Franchisee shall be conspicuously identified in all dealings with customers, prospective customers, vendors, and others, as a franchisee. Franchisee shall not represent or imply to any person that this Agreement authorizes Franchisee to act as agent for Franchisor.

(1) Without limiting the foregoing, Franchisee and its employees shall hold themselves out to the public as an independent contractor by, without limitation: (a) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, forms, receipts, marketing materials, envelopes, letterhead, business cards, employment applications or other employment documents, invoices, and other communications, electronic or otherwise; (b) displaying a sign in the lobby area of the Store so as to be clearly visible to the general public indicating that the Store is independently owned and operated as a franchised business; and (c) maintaining a notice on the employee bulletin board clearly visible to employees at the Store, identifying the correct name of their employer and clearly stating that neither Franchisor nor any of its affiliates is the employer and if required by Franchisor, obtaining from each of its employees an acknowledgment acknowledging that their employer is Franchisee and not Franchisor.

(2) Neither Franchisor nor Franchisee shall be obligated by any agreement, representation, or warranty made by the other, nor shall Franchisor be obligated for damages to any person or property directly or indirectly arising out of the operation of the Store, or caused by Franchisee's negligence, willful action, or failure to act.

(b) **Franchisee Indemnification**. Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is liable and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, its personnel or contractors, or as a result of any activities occurring at, by, or through the Store, including the Store, it's operation, design, or construction, or otherwise, the sale or provision of any products or services or subsequent use or consumption by a customer of the Store, the hiring of any employees, licensing and permitting, and any advertising conducted by Franchisee. Such indemnification shall include reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses (collectively, "Costs"). Franchisor shall have the right to defend any such claim against it.

(c) **Franchisor Indemnification**. Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, any obligation or liability for damages payable to persons other than Franchisee or its owners attributable to agreements, representations, or warranties of Franchisor, or caused by the gross negligence or willful action of Franchisor, and for Costs reasonably incurred by Franchisee in the defense of any claim brought against it as a result of the foregoing or in any such action in which it is named as a party. Franchisor shall have the right to participate in and to control any litigation or proceeding which might result in liability of or expense to Franchisee subject to indemnification by Franchisor.

22 FRANCHISEE REPRESENTATIONS

To induce Franchisor to accept Franchisee's application for a Franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

(a) **Standards for Service**. Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation.

(b) **Disclosure Document**. Franchisee has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Franchisee has read and understands all such documents.

(c) **Business Risks**. Franchisee has the entire control and direction of the Store, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, and that Franchisee's success shall be largely determined by its own skill and efforts as an independent business person. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Store, the Store may fail and Franchisee shall be solely responsible for any such failure.

(d) **Franchisee Advisors; Independent Investigation**. Franchisee has been advised to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement. Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to profits which Franchisee might be expected to realize, nor has anyone made any other representation to induce Franchisee to accept the Franchise granted hereunder and to execute this Agreement, which is not expressly set forth herein.

23 MISCELLANEOUS

(a) **Business Judgment**. Except as otherwise expressly stated in this agreement, any consent or approval required to be obtained from Franchisor, or decision to be made by Franchisor, may be granted or made by Franchisor in its sole and exclusive business judgment, which may take into account Franchisor's assessment of, among other things, the long-term interests of Franchisor, the System of Operation and the Names and Marks, without regard to its effect on any individual Franchisee or Store. Franchisor's judgment shall prevail even in cases where other alternatives may be reasonable, so long as Franchisor is intending to benefit or is acting in a way that could benefit the System of Operation, enhance the value of the Names and Marks, increase customer satisfaction, or minimize possible consumer, brand, or location confusion. If Franchisor's activities or decisions are supported by its business judgment, no court, arbitrator, or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her, or its judgment for Franchisor's judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both Franchisor and its franchisees taken together, require that Franchisor have the latitude to exercise its business judgment in administering, managing and overseeing the System of Operation.

(b) **Governing Law**. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of New Jersey. The parties agree, however, that if the Store is not located in New Jersey or Franchisee does not meet the minimum requirements set forth in New Jersey Revised Statutes, Section 56:10-4, then they hereby waive the provisions of the New Jersey Franchise Practices Act, New Jersey Revised Statutes, 1937, Title 56, Chapter 10, and the regulations promulgated thereunder, and they agree that the New Jersey Franchise Practices Act is not applicable to the Franchise relationship created hereby. If the New Jersey Franchise Practices Act does not apply to the Franchise relationship created hereby, but there is a statute in the state in which the Store is situated that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the laws of the State of New Jersey.

(c) **Binding Effect**. This Agreement is binding upon the parties hereto, their respective heirs, assigns, and successors in interest.

(d) **Headings; Franchisee References; Liability**. The section headings are for convenience only and do not define, limit, or construe the contents thereof. The term "Franchisee" as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as "Franchisee", all of Franchisee's obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, or the termination of the "Term of the Franchise", shall be deemed to include the expiration of this Agreement without renewal.

(e) **Construction**. Franchisor and Franchisee agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of each provision of this Agreement shall be construed simply according to its fair meaning and not strictly against Franchisor or Franchisee.

(f) **Invalid Provisions**. It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Franchisee shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule, or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(g) **Waivers**. Franchisor and Franchisee, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard, or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard, or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by the other party, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future; provided, however, that (i) this waiver will not apply to Franchisee's underreporting or underpayment of any fees Franchisee owes Franchisor, and (ii) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

(h) **Modifications**. No modification of this Agreement shall be valid unless such modification is in writing and signed by Franchisee and Franchisor; provided, however, Franchisor may unilaterally modify or otherwise change the Confidential Manual(s).

(i) **Notices**. All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (1) when delivered by hand; (2) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (3) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (2) or (3), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

(j) **Patriot Act Representations**. Franchisee represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers, and managers), nor any of its affiliates, or any funding source for the Store, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (2) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (3) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "<u>Lists</u>"); (5) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (6) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(k) **Variances**. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

(l) **Entire Agreement; Counterparts**. The introduction and Rider and Statement of Ownership and Management hereto are a part of this Agreement, which constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any Guaranties; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via facsimile, email, or electronic signature, record, process, confirmation, or transmission attached to or logically associated with this Agreement and executed and adopted with the intent to sign.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the Effective Date.

FRANCHISOR:
SWEETSPOT FRANCHISING LLC

By: ______________________
Name: ______________________
Title: ______________________

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

____

By: ______________________
Name: ______________________
Title: ______________________

IF INDIVIDUAL:
FRANCHISEE:

____
Name: ______________________

[THIS AGREEMENT CONTINUES WITH RIDER AND
STATEMENT OF OWNERSHIP AND MANAGEMENT ATTACHMENTS,
WHICH ARE A PART OF THIS AGREEMENT]

SWEETSPOT
FRANCHISE AGREEMENT

RIDER

Effective Date: ______________________________

Franchisee: ______________________________

Form of Franchisee: (SELECT ONE)
- ☐ Corporation formed in the state of ______________
- ☐ Limited liability company formed in the state of ______________
- ☐ Partnership formed in the state of ______________
- ☐ Individual residing in the state of ______________

Initial Franchise Fee: $______________________________

Search Area: ☐ Not applicable; or ______________________________ ______________________________ ;provided, however, the Store cannot be located in the designated territory of another Sweetspot franchisee.

Site Control Date: ☐ 180 days from the Effective Date; or ☐ ______________

Address of Store: ______________________________

Designated Territory: ______________________________

Type of Dispensary License: (SELECT ONE)
- ☐ Recreational
- ☐ Medicinal
- ☐ Hybrid (Recreational and Medicinal)

IN WITNESS WHEREOF, the parties have executed this Rider as of ______________, 20___.

FRANCHISOR:
SWEETSPOT FRANCHISING LLC

By: ______________
Name: ______________
Title: ______________

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:
____

By: ______________
Name: ______________
Title: ______________

IF INDIVIDUAL:
FRANCHISEE:

____
Name: ______________

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned Franchisee ("Franchisee") represents and warrants to Sweetspot Franchising LLC ("Franchisor") that as of the date set forth below all of the information below is true and complete:

Franchisee: ____

Form of Franchisee: (SELECT ONE)

☐ Corporation formed in the state of ____________________

☐ Limited liability company formed in the state of ____________________

☐ Partnership formed in the state of ____________________

☐ Individual residing in the state of ____________________

Name of Manager: ____

Ownership (EACH OWNER MUST SIGN A GUARANTY)		
NAME OF OWNER	**NO. OF SHARES/UNITS OWNED**	**OWNERSHIP PERCENTAGE**
		%
		%
		%
		%
		%
		%

Management (LIST EACH INDIVIDUAL HOLDING A POSITION AS BOARD-MEMBER OR OFFICER)	
NAME OF INDIVIDUAL	**ROLE/TITLE**

Franchisee acknowledges that this Statement of Ownership and Management applies to the Sweetspot Franchise Agreement. Franchisee shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Franchisee.

FRANCHISOR:
SWEETSPOT FRANCHISING LLC

By: ____________________
Name: ____________________
Title: ____________________

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

____

By: ____________________
Name: ____________________
Title: ____________________

IF INDIVIDUAL:
FRANCHISEE:

____
Name: ____________________

GUARANTY

IN CONSIDERATION of the grant by SWEETSPOT FRANCHISING LLC ("Franchisor") of a Sweetspot franchise to the party named as Franchisee ("Franchisee") in the Franchise Agreement to which this Guaranty is attached (the "Franchise Agreement"), and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby guarantee (jointly and severally with one another and all other guarantors of Franchisee, whether such guaranties are entered into prior to or after the date hereof) to Franchisor and to Franchisor's successors and assigns: (a) the payment of all costs and fees required to be paid to Franchisor or its affiliates by Franchisee, whether such costs and fees are provided for in the Franchise Agreement or under any other agreement between Franchisee and Franchisor or an affiliate of Franchisor, and (b) the performance by Franchisee of all its obligations under all such agreements and under all manuals and operating procedures of Franchisor's business system. The undersigned further specifically agree to remain individually bound by all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement and such other agreements to the same extent as if each of the undersigned had individually been named as Franchisee in the Franchise Agreement and such other agreements, and the undersigned had individually executed the Franchise Agreement and such other agreements.

The undersigned understand and agree that any modification of the Franchise Agreement or any other agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Agreement or any other agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect, or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected, or diminished. Notice to the undersigned of any such modification, waiver, extension, or forbearance under the terms thereof being hereby waived.

The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee shall release or otherwise affect the obligations of the undersigned to pay all costs and fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of Franchisor's business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement or any other agreement to the same extent as if each of the undersigned had individually executed the Franchise Agreement and such other agreements.

This Guaranty shall be enforceable upon ten (10) days' written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda thereto. The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Agreement and any other agreement, in whole or in part, that Franchisor or its assignees may make. This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

Date: ______________________	______________________
	Name: ______________________
Date: ______________________	______________________
	Name: ______________________
Date: ______________________	______________________
	Name: ______________________

FRANCHISE ASSIGNMENT, SALE, AND TRANSFER TO ENTITY OWNED BY ORIGINAL FRANCHISEE

1 ASSIGNMENT AND SALE

Pursuant to Section 16(c)(1) of the Sweetspot Franchise Agreement dated ____________________, by and between the undersigned and Sweetspot Franchising LLC (the "Agreement"), I/we hereby transfer, subject to approval by SWEETSPOT FRANCHISING LLC (the "Franchisor"), all my/our rights, in the Agreement, effective _________________________, to the Transferee (as defined below). I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce Franchisor to approve this assignment:

(a) I/we agree to subordinate any payment due to me/us from the Transferee to any other obligation the Transferee may have to Franchisor. If Franchisor notifies me/us of our default by the Transferee of its obligations to Franchisor under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until Franchisor has confirmed, in writing, that such defaults have been cured.

(b) I/we release Franchisor and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.

(c) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

____
Name of New Franchisee ("Transferee")

____
Address of Transferee

____
City, State, and Zip Code of Transferee

______________________________ ______________________
Signature of Original Franchisee ("Transferor") Date

2 ACCEPTANCE OF TRANSFER BY TRANSFEREE

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of Franchisee named herein.

____
Name of Transferee

By: ______________________________ Date: ______________________
Name: ______________________________
Title: ______________________________

3 APPROVAL OF TRANSFER

It is hereby agreed that the Transferee is approved and accepted as Franchisee for the Store described in the Agreement and is authorized to exercise all rights and obligations of Franchisee named in the Agreement including the right to renew the Agreement upon expiration thereof, pursuant to the terms of the Agreement.

SWEETSPOT FRANCHISING LLC

Date: ______________________

By: ______________________
Name: ______________________
Title: ______________________

GENERAL RELEASE

(USED IN EVENT OF TRANSFER)

In consideration of the agreement of SWEETSPOT FRANCHISING LLC ("Franchisor") to consent to the assignment by ________________________________ ("Franchisee") of its Sweetspot Franchise Agreement dated ______________ between Franchisee and Franchisor (the "Agreement"), Franchisee hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective governors/directors, managers/officers, owners/shareholders, employees, and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors, and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE FRANCHISED BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

Date: ______________________________	______________________________
	Name: ______________________________
Date: ______________________________	______________________________
	Name: ______________________________

LEASE RIDER

This **LEASE RIDER** is attached to and made a part of that certain _________________________ (the "Lease") dated __________________, 20___ (the "Lease Execution Date"), by and between ________________________ ("Landlord") and ____________________ ("Tenant"), for certain space (the "Premises") described in the Lease or Sublease as being located at ____. All capitalized terms shall have the same meanings as in the Lease or Sublease (as applicable, the "Lease") unless defined otherwise in this Lease Rider. If any of the terms of this Lease Rider conflict with any of the terms of the Lease, the provisions of this Lease Rider shall prevail.

1 CERTAIN RIGHTS OF FRANCHISOR

(a) Landlord acknowledges that Tenant (or its affiliate) is a franchisee of Sweetspot Franchising LLC ("Franchisor"), and that the business to be located at the Premises is to be operated under the "Sweetspot" franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant (or its affiliate) and Franchisor.

(b) Tenant and Landlord acknowledge that the Premises will be operated only as a Sweetspot dispensary store, and that:

(1) Upon termination or expiration of the Franchise Agreement for any reason whatsoever, the Landlord will grant Franchisor an option, for thirty (30) days thereafter, to replace Tenant as lessee and at any time thereafter to assign its interest to Franchisor or its affiliate, or to another franchisee of Franchisor who would then become the lessee with the approval of Landlord, which approval may not be unreasonably withheld;

(2) Landlord shall furnish to Franchisor, contemporaneously with that to Tenant, written notice of any default in the Lease and the action required to cure such default. In the event of a monetary default, Landlord shall allow Franchisor thirty (30) days after receipt of such notice to escrow the funds necessary to cure such default if Tenant fails to do so. In the event of a non-monetary default, Landlord shall allow Franchisor thirty (30) days after Franchisor's receipt of such written notice to provide Landlord with a letter of undertaking to cure such default if Tenant fails to do so. If Tenant fails to cure either type of default, and Franchisor has escrowed the required funds, or provided the necessary undertaking, as the case may be, Landlord shall take any action necessary to remove Tenant from the Premises and retake possession of the Premises. Landlord shall then allow Franchisor to cure the default and take possession of the Premises as lessee under the same Lease, and at any time thereafter to assign its interest to Franchisor's affiliate, or to another franchisee of Franchisor who would then become the lessee with the approval of Landlord, which approval may not be unreasonably withheld. Nothing herein obligates Franchisor to escrow any funds or to take any action;

(3) Landlord shall accept Franchisor or its franchisee as a substitute under the existing terms of the Lease upon notice from Franchisor that it is exercising its option to replace Tenant as lessee; and

(4) Landlord acknowledges that, in all cases, Tenant is solely responsible for all obligations, payments and liabilities accruing under the Lease unless and until Franchisor exercises its option to become substitute lessee and actually takes possession of the Premises.

2 THIRD PARTY BENEFICIARY

Landlord and Tenant acknowledge that Franchisor is an intended third-party beneficiary to the Lease, and as such, the Lease may not be amended so as to affect any of the provisions of this Lease Rider, or the intent of the same, without the prior written approval of Franchisor.

3 RIGHT TO ENTER PREMISES

Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Sweetspot franchise system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns, and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Lease Rider.

4 NOTICES

All notices sent pursuant to this Lease Rider shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be Sweetspot Franchising LLC, 17 Faye Lane, Mt. Pleasant, South Carolina 29464, which address may be changed by written notice to Landlord in the manner provided in the Lease.

5 MISCELLANEOUS

(a) **Successors and Assigns**. This Lease Rider shall be binding upon and inure to the benefit of the undersigned, their legal representatives, successors, and assigns. Nothing contained herein shall, however, authorize or entitle the Tenant (or its affiliate) to assign any of its rights or privileges under the Franchise Agreement, which rights of Tenant (or its affiliate) are only as are set forth in the Franchise Agreement.

(b) **Entire Agreement; Counterparts**. Insofar as the matters relating to Landlord and the Premises are concerned, this Lease Rider sets forth the complete agreement between Landlord and Franchisor. This Lease Rider may be executed in any number of counterparts, and signed and delivered via facsimile, electronic mail, scanned signature sent electronically or digitally, or other electronic transmission or process, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Lease Rider effective as of the Lease Execution Date.

FRANCHISOR:
SWEETSPOT FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

IF CORPORATION, LLC, OR PARTNERSHIP:
TENANT:

____

By: ______________________________
Name: ______________________________
Title: ______________________________

IF INDIVIDUAL:
TENANT:

____
Name: ______________________________

IF CORPORATION, LLC, OR PARTNERSHIP:
LANDLORD:

____

By: ______________________________
Name: ______________________________
Title: ______________________________

IF INDIVIDUAL:
LANDLORD:

____
Name: ______________________________

ADDENDUM TO
SWEETSPOT FRANCHISING LLC FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

Notwithstanding anything to the contrary set forth in the Sweetspot Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Sweetspot franchises offered and sold or operated in the State of New York.

1. Section 16(a) of the Franchise Agreement is revised to include the following:

   "The Franchisor will not make an assignment except to an assignee who, in the Franchisor's good faith judgment, is willing and able to assume its obligations under the Agreement."

2. Section 19(b) of the Franchise Agreement is modified by the addition of the following at the end of such section:

   "In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law."

3. Sections 20(e) (relating to damages), 20(f) (relating to collateral estoppel), 20(g) (relating to jury trial) and 23(g) of the Franchise Agreement are revised to include the following language:

   "Provided, however, that all rights arising under Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied."

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

5. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

6. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
SWEETSPOT FRANCHISING LLC

By: ________________________
Name: ________________________
Title: ________________________

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

____

By: ________________________
Name: ________________________
Title: ________________________

IF INDIVIDUAL:
FRANCHISEE:

____
Name: ________________________

4879-6445-7567, v. 2

EXHIBIT G
ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: ______________________________

Location: ______________________________

Date: ______________________________

Attention: Accounting

The undersigned has entered into a Franchise Agreement with Sweetspot Franchising LLC (the "Franchise Agreement"), and authorizes Sweetspot Franchising LLC ("Franchisor") or any of its affiliated entities, to initiate one-time, weekly, and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing royalty fees, brand fund contributions, and other amounts that become due and payable by the undersigned to Franchisor or any affiliate pursuant to the Franchise Agreement or any other agreement between the undersigned and Franchisor or any affiliate. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by Franchisor.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned, subject to applicable law. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely,

By: ______________________________
Name: ______________________________

______________________________ Account Name	______________________________ Bank Name
______________________________ Customer Street Address	______________________________ Branch
______________________________ City State Zip Code	______________________________ Bank Street Address
______________________________ Customer Phone Number	______________________________ City State Zip Code
______________________________ Customer's Account Number	______________________________ Bank Phone Number
______________________________ Bank's Account Number	______________________________ Bank Routing/ABA Number

EXHIBIT H
FRANCHISEE QUESTIONNAIRE

FRANCHISE QUESTIONNAIRE

Do not sign this Questionnaire if you are a resident of Maryland or if the franchise is to be operated in Maryland.

The purpose of this **FRANCHISE QUESTIONNAIRE** is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and any attachments to it?

   Yes: ☐ **No**: ☐

2. Have you received and personally reviewed our Franchise Disclosure Document ("FDD")?

   Yes: ☐ **No**: ☐

3. Did you sign a Receipt for the FDD indicating the date you received it?

   Yes: ☐ **No**: ☐

4. Have you discussed the benefits and risks of purchasing a Sweetspot franchise with an attorney, accountant, or other professional advisor?

   Yes: ☐ **No**: ☐

   If "No," do you wish to have more time to do so?

   Yes: ☐ **No**: ☐

5. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a Sweetspot franchise?

   Yes: ☐ **No**: ☐

6. Has any employee or other person speaking on our behalf made any statement (other than the information contained in Item 19 of the FDD), or any promise regarding the amount of money you may earn in operating a Sweetspot franchise?

   Yes: ☐ **No**: ☐

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Sweetspot franchise?

   Yes: ☐ **No**: ☐

8. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

   Yes: ☐ **No**: ☐

9. Have you paid any money to us concerning the purchase of your Sweetspot Dispensary franchise prior to today?

Yes: ☐ **No**: ☐

10. If you answered "Yes" to any of Questions 5 to 9, please provide a full explanation of each "Yes" answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.

____

____

____

____

____

____

____

____

11. I signed the Franchise Agreement and Addendum (if any) on _______________, 20___, and acknowledge that no Franchise Agreement or Addendum is effective until signed and dated by Sweetspot Franchising LLC.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise registration and Disclosure Law.

Your responses to these questions are important to us and we will rely on them.

By signing below, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

By: ______________________________
Name: ______________________________

Date: ______________________________

State Effective Dates

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

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

State	Effective Date
New York	[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.

RECEIPT

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

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

Michigan requires that Sweetspot Franchising LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first. New York requires you to receive this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sweetspot Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

The franchisor is Sweetspot Franchising LLC, 17 Faye Lane, Mt. Pleasant, South Carolina 29464. Its telephone number is 203-200-0618. The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Franchise Seller	**Principal Business Address**	**Telephone No.**
☐ Eugenia Tzoannopoulos	17 Faye Lane, Mt. Pleasant, South Carolina 29464	203-200-0697
☐ Other: ____________	____________________	____________

Issuance Date: April 25, 2023

Sweetspot Franchising LLC authorizes the respective parties identified on Exhibit B to receive service of process for us in the particular state.

I have received a Disclosure Document with an Issuance Date of April 25, 2023, that included the following Exhibits:

Exhibit A.	State Specific Addenda to Disclosure Document
Exhibit B.	List of State Agencies and Agents for Service of Process
Exhibit C.	Table of Contents of Operations Manual
Exhibit D.	List of Outlets
Exhibit E.	Financial Statements
Exhibit F.	Franchise Agreement, Statement of Ownership and Management, Guaranty, General Release, Transfer Form, and State Specific Addenda to Franchise Agreement
Exhibit G.	Electronic Transfer of Funds Authorization
Exhibit H.	Franchisee Questionnaire

Indicate the date on which you received this Disclosure Document, sign, indicate the date you signed this Receipt, and promptly return one completed copy of the Receipt to Sweetspot Franchising LLC, at 17 Faye Lane, Mt. Pleasant, South Carolina 29464. Keep the second copy of the Receipt for your records.

______________________________	______________________________
Date Disclosure Document Received	Prospective Franchisee's Signature
______________________________	______________________________
Date Receipt Signed	Print Name
	Address: ______________________
	______________________________

RECEIPT

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