FRANCHISE DISCLOSURE DOCUMENT

FRANCHISOR
Wateria CA, LLC, a California Limited Liability Company
13120 Barton Road
Whittier, California 90605

The franchise offered is a retail water store under the name of Wateria. A Wateria retail store will sell purified, alkaline, and oxygenated drinking water on the premises. It will also sell water dispensers and related accessories.

The total investment necessary to begin operation of a single retail Wateria store ranges from $~~124,950~~134,100-$1~~90,700~~203,250 (excluding any costs and/or fees connected with your delayed opening), including a $30,000 initial franchise fee that must be paid to the franchisor.

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

You may wish to receive your disclosure documents in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Managing Members, Kelly N. Choi or Michael Dodo, at 13120 Barton Road, Whittier, CA 90605, and telephone (562) 906-1001.

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

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

Issuance Date: March 1, ~~2023~~2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit "H."
How much will I need to invest?	Items 5 and 6 lists fees that 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 "B" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Wateria 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 tells you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Wateria franchisee?	Item 20 or Exhibits "H" and "I" 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 "J."

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

Special Risks to Consider About This Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. 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 California than in your own state.

2. Unregistered Trademark. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

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FRANCHISE DISCLOSURE DOCUMENT

To simplify the languages of this Franchise Disclosure Document:

"**we**" or "**us**" or "**our**" means **Wateria CA, LLC**, a California Limited Liability Company, the Franchisor.

"**You**" or "**Your**" means the person or business entity, including its owners, who buys the franchise.

If you are a corporation, a partnership or a limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

Item 1: The Franchisor and any Parents, Predecessors and Affiliates

We, the Franchisor, are named Wateria CA, LLC, a California Limited Liability Company duly organized on or about June 28, 2022. Wateria CA, LLC has its principal office at 13120 Barton Road, Whittier, CA 90605. Wateria CA, LLC's authorized agent for service of process is Kelly N. Choi who can be served at 13120 Barton Road, Whittier, CA 90605. We conduct our business under the fictitious names of Wateria USA and Wateria.

We are a master franchisee and a licensee of Yesone Corporation, a California corporation ("Master Franchisor") for all states in the United States. Yesone Corporation is a long-established franchisor based in Whittier which has over ~~29~~ 31 franchised retail stores in several counties in Southern California. The Master Franchisor has granted to us the right to operate, and sub-license to franchisees, the Wateria business format and system (the "System" or the "Wateria System") relating to the establishment and operation of Wateria retail stores (individually and collectively, the "Wateria Retail Store").

Our Master Franchisor solely owns the Proprietary Marks further described hereinbelow and has licensed them to us through an Intellectual Property Assignment Agreement so that we may sublicense them to our franchisees. See Item 13 for more details.

In this disclosure, we are offering the opportunity to become a franchisee to develop and operate Wateria Retail Store(s).

Wateria CA, LLC franchises retail purified, alkaline and oxygenated water stores with an on-site purification system. Wateria CA, LLC and its licensor(s) have developed and improved a unique water purification system using reverse osmosis technology. The reverse osmosis water purification system uses a membrane that can filter out particles as small as 0.0001 microns and uses tap water. The purification system is not patented, but the design and the system assembly are the proprietary know-how of Wateria CA, LLC's licensor. Prior to opening, an FDA inspector will visit each new Wateria Retail Store to grant approval to open. The purified water output from each new Wateria Retail Store is tested and certified by an FDA approved laboratory for various microorganisms and major organic contaminants such as heavy metal, chlorine, and pesticide. In addition, the water treated by each Wateria Retail Store is tested by an FDA approved testing facility every six (6) months. You will receive a copy of the testing report approximately thirty (30) days after the examining laboratory completes its evaluation process. Also, the premises are inspected by the Department of Public Health and Safety for the State of California prior to the date of opening. In addition, our approved technicians will visit and test each Wateria Retail Store for water and maintenance of the system on a recurring basis. Wateria CA, LLC provides high-quality purified potable water to retail clients at a competitive price.

You will be operating a Wateria Retail Store at the location to be chosen by you with our approval. We will install the purification system and the ancillary equipment at your expense and cost. You will operate the water purification system using the tap water. The primary sales from a Wateria Retail Store are generated from the sale of purified water, alkaline water, oxygenated water, water bottles, dispensers, ice made from purified water, and other related goods and accessories.

In operating your Wateria Retail Store, you will be required to comply with all local, state, and federal laws that apply to all businesses generally. In addition, you will have to comply with local health laws that may be applicable to the sale of water including, but not limited to, procuring a Public Health Operating Permit from the county in which your store is located.

The general market for the products and services to be offered by you is the general public. Your primary competition will be with other businesses selling similar products and/or services and will most likely be from water sales by single outlet stores, not part of a chain or franchise,

and water vending machines located mostly in, or adjacent to, supermarkets. In addition, you may be competing with the bottled water purveyors, consisting mostly of markets, supermarkets, big-box stores (such as Wal-Mart, Costco, and Target, among others), bottled water delivery services (such as Arrowhead and Sparkletts, in California) and local mini-market type businesses.

Wateria CA, LLC has not offered any franchises other than this water store franchise. Wateria Retail Stores have a standard image, color scheme and interior design and layout, which includes unique architectural features, although each location is tailored to meet local needs based on the size of the business and landlord restrictions, which may be unique to the particular location. We have duly described our mandatory standards and procedures in a confidential Operations Manual ("Manual"). We will lend you one (1) copy of the Manual during the term of your franchise. We are at liberty to amend, change and/or modify any and all of the terms contained in the Manual without prior consent or notice to the franchisees.

When you are evaluating whether to purchase our franchise Wateria Retail Store, you will be privy to proprietary and confidential information regarding the System. You must acknowledge and sign a Confidentiality Agreement, which is attached as Exhibit E, before we will provide you with access to this information.

You can purchase a franchise to develop and operate one (1) Wateria franchise business ("Franchised Business") at a location explicitly approved by us ("Franchised Location") by signing a Franchise Agreement ("Exhibit D") and paying the Application Fee and the initial franchise fee ("Initial Franchise Fee"), more fully described in Item 5. You may not acquire any interest in a location for the Franchised Business until you have been approved as a franchisee and we have approved the location in writing. When we approve your application to become a Wateria Retail Store franchisee, and prior to our preparation of your Franchise Agreement, you will sign the Agreement Request Form attached as Exhibit C.

We are unaware of any laws or regulations applicable to a Wateria Retail Store that would not apply to retail water dispensing businesses, generally. You must comply with all applicable local, state, and federal laws and regulations including, health, sanitation, waste disposal, smoking restrictions, discrimination, labor, employment, and advertising laws. Some laws require point of sale disclosures. There are other laws and regulations applicable to businesses generally with

which you must comply. You should consult your attorney concerning these and other laws and ordinances that may affect the operations of your Wateria Retail Store. You must also obtain all applicable operational and construction permits and/or licenses.

Wateria CA, LLC has no parent corporation or other business entity, no predecessor, and no affiliate.

Item 2: Business Experience

Managing Member: Kelly N. Choi

President & Managing Member of Wateria CA, LLC (June 2022 to Present)

Chief Executive Officer, Yesone Corporation, a California corporation. (2009 to Present)

Managing Member: Michael Dodo

In addition to serving as a managing member of Wateria CA, LLC from June 2022 to present, Mr. Michael Dodo is currently the Chief Executive Office and President of Grupo Loyalty, a California LLC, Luxury Brands, a California LLC, and YB Cosmetics, a Delaware LLC.

From February 2013 to June 2020, Mr. Dodo served as a Chief Executive Officer of West Central Produce, Inc., a California corporation.

Item 3: Litigation

Neither Wateria CA, LLC nor any person identified in Item 2 above of this Franchise Disclosure Document is subject to any litigation or under current effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A., 78a et seq., suspending or expelling these persons from membership in this Association or Exchange.

Item 4: Bankruptcy

No person previously identified in Items 1 or 2 of this Franchise Disclosure Document has been involved as a debtor in proceedings under the United States Bankruptcy Code and has filed any foreign bankruptcies.

Item 5: Initial Fees

When you sign the Franchise Agreement, you shall pay an Initial Franchise Fee in the amount of $30,000 to use the Wateria System and the Proprietary Marks during the term of the Franchise Agreement. The Initial Franchise Fees are wholly earned by us when paid and are non-refundable.

When we approve your application to become our franchisee and prior to our preparation of your Franchise Agreement, you will sign the Agreement Request Form attached as Exhibit "C.". You may be asked to provide additional financial and non-financial information as part of the application process. .

Item 6: Other Fees

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	Purified Water: 2 Cents per Gallon of Water Sold. Alkaline Water: 35% of the gross sales up to and including 2,000 Gallons of Alkaline Water Sold; 30% of the gross sales from 2,001 to 3,000 Gallons of Alkaline Water Sold; 27.5% of the gross sales from 3,001 to 4,500 Gallons of Alkaline Water Sold; 25% of the gross sales for 4,501 or above Gallons of Alkaline Water Sold.	Monthly — Due on 15th of Every Month	Gallon of water sold/processed is metered at Franchisee's business site.

Name of Fee	Amount	Due Date	Remarks
Equipment Lease Fee (for Water Purification Machine)	5 cents per gallon of water sold/processed; if sales exceed 20,000 gallons in a month, then the Equipment Lease Fee is reduced to 3 Cents per Gallon of Water sold/processed.	Monthly — Due on 15th of Every Month	Gallon of water sold/processed is metered at Franchisee's business site.
Marketing Fee	2.0% of Gross Sales (subject to increase up to 2.5% of the Gross Sales)	Monthly — Due on 15th of Every Month	Marketing Fee may be increased without notice, but it will not exceed 2.5% of Gross Sales at any point in time. We have sole control and discretion to allocate the Marketing Fee among the various advertisement channels without your approval.
Maintenance for Water Purification Machine	Parts at cost to franchisor & labor per Labor Fee (see next page) for Water Purification Machine	On demand as needed	The parts and labor needed for the first five (5) years are paid for by the franchisor unless franchisee fails to timely submit Daily Machine Log to franchisor.
Remodeling	$30,000	15th year anniversary	A complete remodeling required on the 15th year anniversary. Wateria contributes 30% of the total remodeling cost or $9,000.00 whichever is lower

Name of Fee	Amount	Due Date	Remarks
Delivery Fee	$149-179 depending on location per delivery for supply/product orders.	Delivery Fee	A delivery fee is waived only if the franchisee consistently purchases supplies and products in excess of $1,500 every month.
Audit & Inspection Cost	Direct cost involved during audit and inspection plus any deficiency in royalty and marketing fees.	Within 3 days of receipt of invoice.	The audit and/or inspection fee is generally triggered when you fail to timely submit sales reports and any other supporting documents if and when we discover understatement of your Gross Sales figures.
Travel Fee	$85 for each non-delivery travel made by Franchisor.	Due on the 15th of Every Month	Travel Fee
Labor Fee After Hour Labor Fee	$105 per hour $160 per hour	Due on the 15th of Every Month	Labor Fee
Water Treatment Plant Installation Fee	$3,500	At the Time of Installation to Wateria	
Collection Cost & Expenses	Cost and expenses associated with collection	On demand, if required	These are generally court costs, fees, attorney's fees and fees paid to and/or shared with a collection agency.

Name of Fee	Amount	Due Date	Remarks
Alkaline Machine/ Reserve Tank Installation Fee	$4,000	At the Time of Installation to Wateria	
Oxygenated Machine Installation Fee	$1,000	At the Time of Installation to Wateria	Oxygen Generator is not included in the installation fee but is purchased directly from Ferguson Plumbing Supply by Franchisee- This is an optional purchase
Costs & Attorney's Fees	Our costs and expenses		The prevailing party in case of litigation shall recover reasonable attorney's fees and recoverable litigation costs.
Indemnification	Our and our affiliates' losses and expenses	As incurred	You shall hold us harmless in all actions arising out of and/or relating to the operation of your Franchise.
Late Payment	5% of Unpaid Balance	After 5 days grace Period	When payment is late
New Product and Supplier Testing	Actual cost of testing and inspection	As incurred	For testing of new product and/or supplier, you must pay our direct costs and expenses. See Item 8.

Name of Fee	Amount	Due Date	Remarks
Reimbursement of Insurance Cost	Actual cost of procuring coverage	As incurred	Your failure to procure a required liability insurance policy is a material breach. We reserve the right to procure a policy of our choice that complies with the insurance requirement and demand a full reimbursement from you.
Relocation	Actual costs and expenses incurred by us plus royalty and marketing fee that are calculated by taking average fees for the past three months of relocation during the period in which the Franchised Business is not in operation	On demand, if required	You are not allowed to relocate the Franchised Business without our prior written approval.
Renewal Fee	$5,000	At the time of the renewal franchise agreement	The renewal fee does not include any fees and costs to be incurred for remodeling which may be a condition to the renewal.
Taxes	Our expenses	Within 3 days of receipt of invoice	Any taxes, fees or assessments imposed on us by the various governmental entities for acting as your franchisor.
Transfer	$3,000	Prior to the date of transfer	Any transfer request will be treated as a new franchise application and not all transfer requests are approved. No initial franchise fee is returned.

Name of Fee	Amount	Due Date	Remarks
Website Fee	$0 - $1,000	As incurred	This fee is currently not applicable, but we reserve our right to assess this fee

NOTES

(1) All royalty and other fees due and owing to us under the Franchise Agreement must be received by the 15th of every month unless instructed otherwise by us.

(2) Unless otherwise specified herein, all fees are due and payable regardless of whether there is a demand or not and they are non-refundable. Further, you authorize us to draft royalty and other funds from your predesignated bank account through an electronic funds transfer agreement. You must designate a business bank account at a national or state-chartered bank and furnish us all necessary authorizations to make regular withdrawals by electronic fund transfer including executing an ACH Authorization Form attached to the Franchise Agreement. Generally, all fees are uniformly assessed to all of our franchisees, however, in limited circumstances, a temporary reduction and/or waiver can be made to a particular franchisee. This is at the sole discretion of Franchisor and notice to you nor a consent is needed from the franchisees.

(3) Gross Sales are comprised with all revenue from the sale of all goods and services and all other income of every kind and nature related to the Franchised Business whether for check, cash or credit and regardless of collection in the case of credit, monies or credit received from the sale of purified water, alkaline water, oxygenated water, water bottles, water contained, ice, accessories and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Business, including, but not limited to, such off-premises services as delivery. Gross Sales excludes sales taxes collected from customers.

Item 7: Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (1)	Method of Payment: (2)	When Due:	Paid to Whom:
Initial Franchise Fee (3)	$30,000	Lump sum	See Item 5	Wateria
Application Fee (3)	$1,000	Lump sum	See Item 5	Wateria
Rent	$3,000-$5,000	As arranged	Before opening	Landlord
Grand Opening Advertisement (4)	$3,000	As arranged	As incurred	Vendor

Type of Expenditure	Amount (1)	Method of Payment: (2)	When Due:	Paid to Whom
Leasehold Costs and Location Improvements (5)	$25,000 - $75,000	Progress payments	As incurred	Contractor
Water Treatment Installation Fee	$3,500	As arranged	Before opening	Wateria
Alkaline Machine/ Reserve Tank Installation Fee	$~~4,000~~5,500	As arranged	Before opening	Wateria
Oxygenated Machine Installation Fee	$1,000	As arranged	Before opening	Wateria
Ice Maker/Ice Freezer*	$8,000-$12,000	As arranged	As needed. Optional purchase	Suppliers
Service Table	$~~14,000~~18,000 including installation	As arranged	Before opening	Wateria
Furnishing, Fixtures and Equipment (6)	$4,000	As arranged	As incurred	Vendor
Signage (7)	$3,000-$6,000 (first $3,000 will be reimbursed by Wateria upon showing of invoice	As arranged	Before opening	Contractor or Landlord
Water Testing	$~~700~~1,000	At the time of testing	Before opening	Testing Lab
Supplies	$2,500	As arranged	As incurred	Suppliers
POS Systems (8)	$250.00 monthly subscription fee to Sunny POS	As arranged	Before opening	Sunny POS

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due:	Paid to Whom:
Initial Inventory	$5,000-$7,500 (first $~~3~~2,000 will be provided by Wateria)	As arranged	As incurred	Wateria or Designated
Travel and lodging for training	$~~50~~150-$~~500~~1,500	As incurred	As incurred	Airlines, Hotels, Restaurants
Insurance	$1,500-$3,000	As arranged	As arranged	Insurance
Security Deposits, License/ Permits	$5,000-$~~5,500~~8,000	As arranged	As arranged	Landlord, Government
Professional Fee (9)	$700 - $1,500	Before Opening	As incurred	Attorney, accountant, and other business advisors
Pre-Opening Costs (10)	$1,000 - $2,000	As arranged	As incurred	Vendor
Additional Funds – 3 months (11)	$12,000	As arranged	As incurred	Vendor
TOTAL ESTIMATED INITIAL INVESTMENT (12)	$~~124,950~~134,100-$~~190,700~~203,250	*Public Health and Safety Permit(s) required.		

NOTES

(1) Franchised Business. Wateria Retail Store may be developed as non-end cap, end cap or freestanding locations. The figures in the above table reflect the estimated initial investment for a Wateria Retail Store located at a non-end cap or end cap location based on our experience in developing a retail business. The improvement costs involved with a free-standing or stand-alone Wateria Retail Store is likely to be much higher than the cost specified in Item 7.

(2) Payment Method. Payments made to Wateria CA, LLC are not refundable. Payments made to any other parties are dictated by the agreement between the parties and the governing law.

(3) Initial Franchise & Application Fees. The amount and timing of the Initial Franchise and Application Fee are detailed in Item 5.

(4) Grand Opening Advertisement. Your grand opening marketing obligations are specified in Item 11.

(5) Leasehold Costs and Location Improvements. We expect that you will lease the location for the Wateria Retail Store, which will typically be in a shopping center with an anchor tenant with abundant shared parking spaces and will vary in size from 900 to 1,200 square feet. We cannot estimate the lease payments that you will make to third party commercial landlords since these payments will differ greatly. The lease payments differ considerably depending on several factors, i.e., location, size, condition of premises, tenant improvement allowances, market condition, and other contractual terms of the bargain. Any commercial lease agreement that you sign for the Franchised Location must contain the provisions set forth in the Franchise Agreement and the Addendum to Lease form attached as Exhibit F to this Franchise Disclosure Document. You may be required to pay a lumpsum initial security deposit. Lease agreements may include, among others, the following additional ancillary expenses: taxes, insurance, common area maintenance, annual common area maintenance reconciliation, fixed rent (with annual incremental increase), percentage rent and other charges related to the operation of the Franchised Business.

The Franchised Business must be constructed and operated in accordance with the System. We estimate that the location improvement costs, including construction permits and governmental fees, will range from a minimum of $60.00 to $75.00 per square foot or more depending upon the condition of the property and local regulatory requirements. You should check with the relevant regulatory agencies to identify costs for any required construction permits, impact fees, taxes, bonds, licenses, and other fees, which can vary greatly depending on location, size, condition, market condition, and other factors.

(6) Furnishings, Fixtures and Equipment. The Franchise Agreement and the Manual require you to purchase certain items of furniture, fixtures, equipment.

(7) Signage. The local ordinances govern the type, height, and size of the signage.

(8) Point of Sale (POS) System. The point-of-sale system requirements are specified in Item 11.

(9) Professional Fees. These fees are comprised with the estimated costs of retaining an attorney or other business professionals to create a business entity and obtain business permits and licenses in addition to reviewing the Franchise Disclosure Documents and the Exhibits that are attached thereto including a Franchise Agreement.

(10) Pre-Opening Costs. These costs include utility deposits, installation of telephones, data transfer lines, computer network, business licenses, uniforms, office and cleaning supplies and other prepaid expenses.

(11) Additional Funds. – Three (3) Months. These figures are an estimate of the additional funds that you may require for operating expenses during the initial three (3) months of the opening. They may include rent, employee payroll, supplies, utilities, technology maintenance, and support fees, licenses and permits, bank charges and repair, maintenance expenses, insurance and taxes. They do not include royalty or marketing fee payments made to us. These figures are estimates, and we cannot guarantee that you will not have additional expenses in operating the Franchised Business. Your costs will depend on factors such as: the size of your Franchised Business; how closely you follow our methods and procedures; your management skill, experience, and business

acumen; financing costs; local economic conditions; the local market for retail water dispensaries; the wages you pay; local competition; and the sales level reached during the initial period. These estimates are based upon our and affiliates' experience in developing retail businesses.

(12) Total Estimated Initial Investment. You should review and discuss these figures thoroughly with your attorney and/or a business professional prior to making any decision to purchase the franchise. We do not offer any financing directly or indirectly for any part of the initial or other fees.

Item 8: Restriction on Sources of Products and Services

You must exclusively use the Wateria System for purification, oxygenation, and alkaline conversion. You are required to lease the purification and alkaline conversion equipment and purchase parts and supplies from Wateria CA, LLC. We and/or our licensor are the sole manufacturer and supplier of the parts and components that make up the Wateria System. The cost of installing purification, alkaline conversion and oxygenation equipment, and supplies approximately represents 10% - 20% of your total purchases in connection with establishment of your Franchised Business. Wateria CA, LLC has no other required specifications, designated suppliers, or approved suppliers for goods, services or real estate relating to your franchise business. Wateria CA, LLC has not derived any revenue during the 2022 fiscal year.

It is critically important that you service and maintain the Wateria System by the authorized service representative of Wateria CA, LLC. You may not properly maintain and repair the Wateria System individually nor through the services of an outside vendor due to its proprietary nature. Please note that failure to obtain regular maintenance and repair directly through Wateria CA, LLC is likely to result in jeopardizing the purity level of the water sold at your Wateria Retail Store and that Wateria CA, LLC bears no responsibility for any type of liability resulting from the franchisee's failure to properly maintain the Wateria System. You are solely responsible for all loss or damage arising out of or relating to the operation of your Wateria Retail Store. You shall indemnify and hold harmless us, our directors, our officers, and our agents from any claim, liability, loss, or expense arising out of the operation of your Wateria Retail Store including costs and reasonable attorney's fees. The service and maintenance fees for Water Purification Machine vary depending on the actual service needs, however, you are responsible for the parts and labor except for the first five (5) years of the franchise agreement provided that a Daily Machine Log is submitted to us on a timely basis.

You must operate your Wateria Retail Store from 9:00 a.m. to 8:00 p.m., seven days a week without any interruption except for the following holidays: January 1 (New Year's Day), , Thanksgiving Day and December 25 (Christmas Day) unless instructed otherwise by us. You must comply with all federal, state, county, municipal, or other statutes, laws, or ordinances, regulations, rules, or orders of any governmental or quasi-governmental entity, body, agency, commission, board or official applicable to you and your Wateria Retail Store.

Insurance Requirements

You must maintain valid insurance during the term of your Franchise Agreement that is necessary or appropriate for liabilities caused by or occurring in connection with the construction or operation of your Wateria Retail Store. We, and any entity with an insurable interest designated by us, shall be an additional insured in all liability policies to the extent each has an insurable interest. We may, without your consent, increase the coverage required and require different or additional types of insurance to reflect changes, among others, in standards of liability and higher damage awards. All insurance policies must be written by an insurance company (or companies) acceptable to us and must comply with our specifications, which we will supply to you in writing. You must submit a certificate and/or proof of insurance to us when you sign the Franchise Agreement and on each policy renewal date thereafter.

The policy requirements are as follows: Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles, and completed operations and property damage on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate or such higher amount as may be required by the master lease of the Franchise Location, insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or otherwise relating to Franchisee's Wateria Retail Store or the activities of Franchisee's employees; All Risks Property Insurance for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Franchised Business, its furniture, fixtures, equipment, inventory and other tangible property; Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss; Employer's Liability Insurance in the amount of $500,000 per person, $500,000 in the aggregate, and $500,000 for occupational disease; Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Business is located, including coverage for all of your employees who participate in any of the training programs.

Item 9: Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT.

Principal Obligations Under Your Franchise and Where to Find Them		
Obligation Type, and/or Information	**Section in Franchise Agreement**	**Item Number in Franchise Disclosure Document**
a. Site selection and acquisition/ lease	Section 5.1	Item 11
b. Pre-opening purchases/leases	Section 5.1	Item 11
c. Site development and other pre-opening requirements	Sections 5.2 & 5.3	Item 11
d. Initial and ongoing training	Section 6.3	Item 11
e. Opening	Sections 5.3 & 8.2	Item 11.1
f. Fees	Section 8	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Sections 6.1 & 6.2	Item 11
h. Trademarks and proprietary information	Section 3	Items 13 & 14
i. Restrictions on products and services offered	Section 7.2	Item 16
j. Warranty and Customer service requirements	Sections 6.7 & 7.2	Item 11
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Sections 6.2, 6.4 & 6.6	Items 8 and 9.1 and text following table

Principal Obligations Under Your Franchise and Where to Find Them		
Obligation Type, and/or Information	**Section in Franchise Agreement**	**Item Number in Franchise Disclosure Document**
m. Maintenance, appearance and remodeling	Section 7.4	Item 11
n. Insurance	Section 7.10	Items 7 & 9.n and text following table
o. Advertising	Sections 6.5 & 7.5	Items 6 & 11.4
p. Indemnification	Section 13	Item 6
q. Owner's participation / management / staffing	Section 7.1	Items 15 and 9.q and text following table
r. Records/reports	Section 9	None
s. Inspections/audits	Section 6.9 & 9.3	Item 11
t. Transfer	Section 12	Item 17
u. Renewal	Section 4.3	Item 17
v. Post-termination obligations	Section 11	Item 17
w. Non-competition covenants	Section 7.13 & 7.14	Item 17
x. Dispute resolution	Section 15	None
y. Other (Compliance with all Laws)	Sections 7.3, 7.6, 7.10 & 10.2	Item 1

Item 10: Financing

We do not offer direct or indirect financing. We do not provide a guaranty for your commercial lease agreement, promissory note, or any other legal obligation you create at the inception nor through the franchise relationship.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as provided hereinbelow, Franchisor is not required to provide you with any assistance with respect to any advertising, computer systems, and training.

Prior To Opening Your Franchise Business

Prior to the opening of your Franchised Business, we shall:

1. Provide a location evaluation as we may deem advisable as part of our evaluation of your request for location approval. (Franchise Agreement, ¶ 6.1(c))

2. Inform you in writing whether we have approved a proposed location within thirty (30) days after we receive your request, a business plan and any additional financial and non-financial information that we may reasonably require from time to time. If we do not respond within thirty (30) days, we will be deemed to have denied approval of the location. (Franchise Agreement, ¶2.1(c))

3. Provide you with plans and specifications for a Wateria Retail Store, including requirements for interior/exterior layout, signs, décor, dimensions, fixtures, furnishings, and equipment.

> We may require you to retain the services of a licensed architect and general contractor that have been approved by us. It is your responsibility to have prepared all required construction plans and specifications that match the shape and dimensions of the Franchised Location, and you must ensure that these plans and specifications comply with applicable local building codes and ordinances. You must use only licensed and bonded architects, engineers, professionals, and contractors. A notice of approval or disapproval of your construction plans will be sent within 30 days of your submission. (Franchise Agreement, ¶ 5.2).

4. Provide you with a final inspection of the Franchised Business, if we choose to conduct one, and provide you with authorization to open the Franchised Business if you have complied with all conditions. (Franchise Agreement, ¶ 5.2)

5. Loan you a copy of our proprietary Manual, which contains information that is unique, proprietary, and material to the Wateria System. The Manual is comprised with mandatory specifications and standards relating to the construction, management, and operation of your Wateria Retail Store. We may amend, supplement and/or modify the contents of the Manual, and you agree to comply with each new or changed provisions. (Franchise Agreement, §6.1). The Table of Contents of Confidential Operating Manual as of the date of this disclosure document is attached as Exhibit G. As of that date, the Confidential Operating Manual contained a total of 11 pages. The Manual is our property, and you shall return it to us when the franchise relationship terminates.

6. Provide you with advice, with regard to the construction and operation of the Franchised Business, building layout, furnishings, fixtures and equipment, plans and specifications, selection and training, purchasing and inventory control and such other matters as we consider suitable. (Franchise Agreement, ¶5.2)

7. Provide an initial manager training program to you. The details of the initial manager training program are described later in this Item 11. (Franchise Agreement, ¶6.3)

After Opening Your Franchise Business

During the term of our franchise relationship, we will:
1. Administer and expend marketing fees to brand and advertise Proprietary Marks and the Wateria Retail Store. (Franchise Agreement, ¶6.4)

2. Immediately provide operational and administrative materials that are necessary for the operation of the equipment and the business. The materials are confidential and proprietary. They include the equipment and inventory lists and the methods of operation of the Wateria System. They also explain store management and record keeping. You shall not deviate from the Wateria System in the operation of the Franchise. See Section 7.1-3 of the Franchise Agreement. The manuals include the following categories of topics: a) Comparison between Wateria and Other water stores; b) Wateria Model WT-3010 – 15 Step Drinking Water Purification System; c) In case of an Emergency, Follow These Steps Before Calling Main Office; d) Filter Change Instruction; e) Filter Change Status Form; f) Machine Productivity Log; g) Daily Salt Check-List; h) Weekly Sales & Inventory List.

3. Immediately inform you of any modifications made to the Manual, the product and service menu, the required equipment, the signage, the building and premises of the Franchised Business, the presentation of the Proprietary Marks, the adoption of new administrative forms and means of reporting and payment of any monies owed to us and the adoption and use of new or modified Proprietary Marks or copyrighted materials. (Franchise Agreement, ¶3.2)

4. Provide any needed additional training to you and any other employees that you designate. We reserve the right to require you to pay a training fee for these additional training programs. (Franchise Agreement, ¶6.3)

5. Provide to you, as we deem appropriate, our knowledge regarding the Wateria System and pertinent new techniques and improvements in the areas of store design, management, sales promotion, service concepts. (Franchise Agreement, ¶6.1(b)(c))

6. Conduct inspections of the Franchised Business and valuations of the products sold, and services rendered as we deem appropriate. (Franchise Agreement, ¶6.5)

7. Provide to you maintenance and repair services, at your cost and expense unless exceptions apply. We will send service representative(s) to perform maintenance and repair services at your store, if you request these services. You must maintain and have repair services performed by us

to your Wateria System on a monthly basis. See Section 7.4 of the Franchise Agreement. Refer to Page 7 of this Franchise Disclosure Document

Advertising

Monthly Marketing Obligation

During the term of the Franchise Agreement, your Marketing Fee will not exceed 2.5% of the Gross Sales of the Franchised Business. We may allocate the Marketing Fee at our discretion between various local and regional advertisement.

Administration of the Marketing Funds

We shall direct all advertising, marketing, and public relations programs and activities financed by the Marketing Fee with sole discretion over the creative concepts, materials and endorsements used in those programs and activities and the geographic, market and media placement and allocation of advertising and marketing materials.

Unless we otherwise agree in writing, advertising that is funded by the Marketing Fee must conform to those advertising and sales promotions that we specify from time to time. We have the right to terminate (and subsequently restart) any of them. We will not use any of the advertising funds for advertising that is principally a solicitation for the sale of franchises. We have not established an advertising cooperative or an advisory council of franchisees to provide input on advertising matters, but we reserve the right to do so in the future.

We will separately account for all of the Marketing Fee that we administer; however, we are not required to segregate any of the funds from our other monies. None of the funds shall be used to defray any of our general operating expenses. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Wateria Retail Stores to the Marketing Fee during the year or cause each fund to invest any surplus for future use by the fund. We will prepare an unaudited report of the operations of the Marketing Fund annually, which will be available to you upon written request. Company-owned Wateria Retail Stores contribute to the Marketing Fee funds an amount equivalent to that contributed by a comparable franchised Wateria Retail Store. In spending advertising funds, we are not obligated to make expenditures for any franchisee that are equivalent or proportionate to that franchisee's contribution or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditure of the funds. We are not required to spend any amount on advertising in the area where your Franchised Business is located.

Subject to our prior approval, you may run your own advertising campaigns. We will provide you with an approval or disapproval, with suggested changes to the proposed advertising, within six (6) weeks from the date we receive your proposal. We may make our corporate advertising materials available to you upon your written request. These expenses are discretionary, and the expenditure is not credited to your Monthly Marketing Obligation.

Grand Opening Advertising

At least sixty (60) days prior to the opening of a Franchised Business, you must submit a Grand Opening Marketing Plan to us outlining your proposal for grand opening advertising of the Franchised Business. You must obtain our consent to the Grand Opening Marketing Plan before you begin to implement it. You further agree that the Grand Opening Marketing Plan is performed and/or executed only by and through an outside marketing/advertising agency who is designated by the Franchisor unless you are authorized to do so otherwise. After we consent to the Grand Opening Marketing Plan, you cannot make any substantial changes to the Grand Opening Marketing Plan without our advance written consent. You must, during the period beginning 60 days before the scheduled opening of the Franchised Business and continuing until 60 days after the Franchised Business first opens for business, spend at least $3,000.00 to conduct grand opening advertising under the Grand Opening Plan.

Point of Sale System (POS) and Technology

You must purchase, lease, install, and maintain, at your own expense, a technology system including such data processing equipment, computer hardware, software, point of sale ("POS") system, required dedicated data, land telephone and internet lines, broadband and wireless Internet connections, modems and other computer related accessories or peripheral devices that we require.

Your POS system must be capable of accurately capturing sales transactions, collecting, and generating gross sales reports allowing us to examine data and sales from the Franchised Business, and collecting and generating sales reports by categories. The system also must be capable of complying with the Payment Card Industry Data Security Standard (PCI Standards) and the Fair Credit Reporting Act, which requires that, among other things, merchants truncate credit card and debit card numbers. We have the independent right under the Franchise Agreement to retrieve any data and information from your POS system that we deem appropriate, including electronically polling the daily sales and other data of the Franchised Business.

Presently, we have approved the "Sunny" POS system and we will not permit our franchisees to use a different system unless we instruct otherwise. A monthly subscription charge including the installation and leasing of the equipment presently is $250.00 a month and it is expected to gradually go up. We may require you to update and/or replace these systems at any time during the term of the Franchise Agreement at your own expense with or without cause or notice.

Location Selection

You select the location for your Franchised Business subject to our approval. The selection criteria are demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in and near the area, the proximity to other businesses, the nature of other businesses in proximity to the location and other commercial characteristics and the size, appearance, other physical characteristics, and a location plan of the premises. You also must furnish us with such financial statements, business plans and other financial and non-financial information regarding you and the development and operation of the proposed Franchised Business.

Since the proposed location of your Wateria Retail Store must be approved by us prior to the signing of the Franchise Agreement, we reserve the right not to enter into the Franchise Agreement with you and the right to grant a franchise to a third person in the area you are interested in if you cannot select a site that is satisfactory to us. If you propose to lease or sublease the Franchised Location, you must provide us with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the initial term of the Franchise Agreement) for the Franchised Location within thirty (30) days after we approve the location for the Franchised Location.

After Signing and Before Opening

After signing the Franchise Agreement, you must obtain a lease of the approved site within thirty (30) days. See Section 5 of the Franchise Agreement. Within ninety (90) days from the date of signing the Franchise Agreement, you must construct and equip the Wateria Retail Store in accordance with the standards and specifications set forth by us and open it for business. Wateria CA, LLC, at its sole discretion, may extend the time period within which you must open the Wateria Retail Store. In the event that you are unable to obtain a lease of the approved site within thirty (30) days, we will extend the time to obtain a lease at an approved location for a period of up to ninety (90) days and the time to construct and equip the Wateria Retail Store by the same period. In the event that you are unable to obtain a lease at an approved location within one hundred and twenty (120) days after signing the Franchise Agreement, we will cancel the Franchise Agreement and provide you with a full refund of the monies that were paid to us under the Franchise Agreement. Factors that are relevant to the length of time needed to improve the location and open the Franchised Business usually include your ability to obtain a commercial lease agreement and adequate financing, local requirements and procedures for necessary construction permits and zoning, installation of equipment, signs and fixtures and special circumstances affecting construction in a particular area, none of which are within our control.

Training

Initial Manager Training Program

At least 45 days prior to opening your Franchised Business, we will provide to you (or your Operating Principal) an initial manager training program in the operation of a Wateria Retail Store at those times and those places that we designate. The initial manager training program is provided to share our brand operating standards with your trainees to protect the Wateria System and the Proprietary Marks and not to control the day-to-day operation of your Franchised Business. The length of our initial manager training program averages one (1) week. We may increase or decrease the length of the initial manager training program at our discretion based upon your managers' prior retail experience and actual training progress. The initial manager training program is scheduled so that it is completed sufficiently in advance of your Franchised Business' grand opening date to afford adequate time for the Franchised Business set-up and the hiring and training of the employees before the opening of the Franchised Business. Currently, we do not charge a fee for the initial manager training program.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Purified Water Market Overview	2	None	Corporate office or corporate-owned store or another location designated by Franchisor
Water Purification System	2	8	
POS & Sales Cannel (On-Off)	None	1	
Basic Management (HR & Accounting) and Marketing	1	None	
Customer Service & Store Operation	1	8	
Total	6	17	

Employee Training

Prior to opening the Franchised Business, you or your manager must train all newly hired employees in the operation of the Franchised Business.

Additional Training Programs

We have the right to require that you or your store manager(s), and any other employees that we designate take and successfully complete other training courses in addition to the initial manager training program. We reserve the right to require you to pay a training fee for these additional training programs as established by us from time to time. We also reserve the right to modify the elements of the initial manager training program and any additional training programs, in our sole discretion. You will be required to pay all incidental expenses incurred by you and your employees while attending any training program.

Item 12: Territory

Under the Franchise Agreement, we will grant you the right to operate continuously the Wateria Retail Store at the Franchised Location. You will not receive exclusive territory. You may face competition from other franchisees, from retail stores that we own or may own in the future, or from other channels of distribution or competitive brands that we control directly or indirectly. We may establish other franchised or company owned locations that may compete with your location. You are granted the right to operate a Wateria Retail Store from one (1) specified location only. Your location will be set forth on the Exhibits A to your Franchise Agreement. However, we do grant a specific non-exclusive territory in which we agree, subject to exceptions and reservations noted below, not to operate or permit others to operate a Wateria Retail Store. We will present you the proposed boundaries of your territory after we approve your franchise location. Your non-exclusive territory will be an area of at least two (2) miles from your Wateria Retail Store. In determining the proposed boundaries, we will consider such factors as the population size, persons per household, income level, residential/commercial mix, and population age, traffic patterns, parking, and access issues, neighboring business mix, rent and leasing terms, and size, appearance and other physical characteristics of the premises, and presence of any other nearby Wateria Retail Store. The specific description of your territory along with the corresponding map

showing the clear boundaries of your territory, will then be placed in writing and incorporated into your franchise agreement.

You may not relocate the Franchised Business without our prior written consent, which may be withheld by us in our sole discretion with or without reason after reviewing a variety of factors. If we approve a relocation of your Franchised Business, we have the right to charge you for all reasonable fees and costs actually incurred in connection with consideration of the request, and we may condition our approval upon the payment of an agreed minimum royalty fee that is comparable to the average royalty for the past three months prior to the approval date of transfer to your Wateria Retail Store during the period in which the Franchised Business is not in operation. You have no options, rights of first refusal or similar rights to acquire additional franchises in any other locations. There are no restrictions on us or our franchisees from soliciting or accepting orders for our products anywhere.

Franchisor retains the right, in its sole discretion:

(1) to itself operate, or to grant other persons the right to operate, Wateria Retail Store at such locations and on such terms and conditions as Franchisor deems appropriate, without regard to proximity to your Wateria Retail Store; and

(2) to sell the products and services authorized for Wateria Retail Store under the Marks through such similar and dissimilar channels of distribution (including the internet, social media platforms, catalog sales, telemarketing, or other direct marketing sales) and under such terms and conditions as Franchisor deems appropriate (“alternative distribution channels”). You will receive no compensation for such sales by Franchisor.

(3) to sell the products and services authorized for Wateria Retail Store under other trademarks, service marks and commercial symbols through such similar and dissimilar channels of distribution (including the internet, catalog sales, telemarketing, or other direct marketing sales) and under such terms and conditions as Franchisor deems appropriate (“alternative distribution channels”). You will receive no compensation for such sales by Franchisor. You may not use alternative distribution channels (including use of a toll-free number, catalog, website, social medial platforms or the internet, or any other computer on-line service) to make sales anywhere.

Continuation of your operation at the franchised location is not dependent upon you attaining any particular volume or other contingency. Neither Franchisor, nor any of its affiliates has established franchised, company-owned, or affiliated-owned Wateria Retail Store selling similar products or services under different service marks and trademarks, but they reserve the right to do so in the future.

The Franchise Agreement does not prevent us from: (1) operating, and licensing others to operate, during the term of the Franchise Agreement, retail store identified in whole or in part by the name and/or mark “Wateria" at any location outside of the non-exclusive territory; (2) operating, and licensing others to operate, after the Franchise Agreement terminates or expires, retail store identified in whole or in part by the name and/or mark “Wateria" at any location; and (3) operating, and licensing others to operate, at any location, during the term of the Franchise

Agreement or after the Franchise Agreement expires or terminates, any type of retail store other than a retail store identified in whole or in part by the name and/or mark “Wateria." We are not obligated to compensate you for exercising any rights reserved to us in the nonexclusive territory.

The Franchise Agreement does not authorize you to sell products through other mediums of distribution, such as the Internet, telemarketing, or catalog sales. We may permit you to advertise the Franchised Business through the Internet and other electronic means, but we have the right to approve and control any online and/or offline presence that uses or displays any of the Proprietary Marks.

Item 13: Trademarks (Trade names, Trademarks, Service marks, Logos)

We grant you the right to operate a retail store under the name “Wateria” and to use our other current or future Proprietary Marks in the operation of your Franchised Business. Under an Intellectual Property Assignment Agreement with Yesone Corporation, we have the right to use and permit our franchisees and licensees to use the name and mark “Wateria” in addition to certain related trademarks, service marks and other commercial symbols. Yesone Corporation has the right to terminate the Intellectual Property Assignment Agreement if we commit a breach of the Intellectual Property Assignment Agreement.

Yesone Corporation has registered the following marks with the United States Patent and Trademark Office ("USPTO") on the Principal Register:

TYPE OF MARK	**REGISTER**	**FILING DATE** **REGISRATION ISSUE DATE**	**REGISTRATION NUMBER** **SERIAL NUMBER**
Trademark 	Registered on the Principal Register	July 6, 2022 ~~Registration Pending~~November 14, 2023	~~Not Yet Available~~7216462 97491373
TYPE OF MARK	**REGISTER**	**FILING DATE** **REGISTRATION ISSUE DATE**	**REGISTRATION NUMBER** **SERIAL NUMBER**
Service Mark 	Registered on the Principal Register	July 6, 2022 ~~Registration Pending~~November 14, 2023	~~Not Yet Available~~7216462 97491373

TYPE OF MARK	REGISTER	FILING DATE REGISRATION ISSUE DATE	REGISTRATION NUMBER SERIAL NUMBER
Trademark 	Registered on the Principal Register	July 6, 2022 ~~Registration Pending~~November 14, 2023	~~Not Yet Available~~7216464 97491471
Service Mark 	Registered on the Principal Register	July 6, 2022 ~~Registration Pending~~November 14, 2023	~~Not Yet Available~~ 7216464 97491471
Trademark wateria	Registered on the Principal Register	July 6, 2022 ~~Registration Pending~~November 14, 2023	~~Not Yet Available~~ 7216461 97491300
Service Mark wateria	Registered on the Principal Register	July 6, 2022 ~~Registration Pending~~November 14, 2023	~~Not Yet Available~~ 7216461 97491300

We are informed Yesone Corporation intends to file all required declarations and renewal applications for the Proprietary Marks.

You must strictly adhere to our instructions when you use our Proprietary Marks. You may not use the Proprietary Marks on any vehicles without our prior written approval. You may not unilaterally modify the Proprietary Marks in any manner in connection with your display of, or creation or duplication of materials bearing, the Proprietary Marks. You may not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by Yesone Corporation or in any corporate, limited liability company or partnership name and may not use any other trade names, service marks or trademarks in conjunction with the Franchised Business. You must use the symbol ® with all registered marks and the symbol TM with all pending registrations or other marks. You may not use the Proprietary Marks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

You may not use the Proprietary Marks on any domain name, e-mail address or in the operation of any website without our prior written consent. We may grant or withhold our consent in our sole discretion and may condition our approval on such requirements as we deem appropriate, including, among other things, that you obtain our prior written approval of: (1) any and all domain names and home page addresses related to the Franchised Business; (2) the proposed form and content (including any visible and non-visible content such as meta-tags) of any website related to the Franchised Business; (3) your use of any hyperlinks or other links; (4) your use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and (5) any proposed modification of your website. We may designate the form and content of your website and/or require that any such website be hosted by us or a third party designated by us, using one or more websites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or another website designated by us. We may charge you a fee for developing, reviewing, and approving your website and/or for hosting the website.

If the Intellectual Property Assignment Agreement is terminated or if we should elect to use a principal name other than “Wateria" to identify the System, the System and the Franchise Agreement will be deemed amended to substitute that name, and you will be required to incur the necessary costs to adopt the new name.

There are no presently effective rulings of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the principal Proprietary Marks that would materially affect your right to use the Proprietary Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Proprietary Marks.

There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in the State of California and other states.

The Franchise Agreement does not contain any provisions under which we or our licensor(s) are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Proprietary Marks. The Franchise Agreement does require that you notify us immediately if you become aware of any infringement of the Proprietary Marks or if any litigation involving the Proprietary Marks is instituted or threatened against you. You may not make any demand, serve any notice, institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining our written approval. At our option, we may elect to defend any proceeding arising from your use of the Proprietary Marks.

Item 14: Patents, Copyright and Proprietary Information

We do not own any patents or patent applications that are significant to your Franchised Business or the System.

However, we claim copyright protection in the Manual and certain forms, architectural, engineering and construction plans, advertising materials, formulas, specifications, processes, techniques and methodologies, customer lists, location information, equipment specifications, computer programs, training materials, and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights but said materials are copyrighted materials and unauthorized use will result in a potential damage claim directed at unauthorized users. We also claim certain proprietary rights for the composition and setting up of the Wateria System.

The Manual and these other materials contain our detailed standards and specifications for developing and operating your Franchised Business, including specifications and standards relating to the construction of your Franchised Business. The Manual also contains information on operations training, marketing, advertising and sales promotions, signs, fixtures and furnishings, and other business procedures. We can modify the Manual and our copyrighted materials from time to time. You must promptly implement any changes or modifications at your own cost. We will have no obligation or liability to you as a result of the changes or modification.

The Manual and all other materials and information provided or disclosed to you regarding the System are disclosed in confidence. You may not disclose any part of this information to anyone who is not your employee, and you will disclose to your employees only those parts of the Wateria System that are pertinent to the employee's job description. You must also agree not to contest our interest in the trade secrets and confidential and proprietary information that comprises the Wateria System.

We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so if any need arises. There are presently no effective rulings of the USPTO, the US Copyright Office, or any court regarding any patents or copyrights that you are permitted to use under the Franchise Agreement.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

You are not obligated to participate personally in the direct operation of the Franchised Business, at all times, however, you must designate a qualified individual to serve as the "Operating Principal" of your Franchised Business. The Operating Principal must devote substantial time and adequate efforts to operate your Franchised Business. Unless waived in writing by us, the Operating Principal must own at least a 50% equity interest in you as of the date of the first franchise-related agreement between you and us.

The Franchised Business must, at all times, be under the on-site supervision of the Operating Principal or a store manager. The Operating Principal and/or on-site manager cannot have an interest or business relationship with any of Wateria CA, LLC's business competitors.

Item 16: Restrictions on What the Franchisee May Sell

You must use the Franchised Business solely for the operation of a Wateria Retail Store. You must maintain sufficient inventories, adequately staff during each shift with trained

employees and continuously operate the Franchised Business at its maximum capacity for at least the minimum number of days and hours that we specify in the Manual, Franchise Agreement or otherwise in writing.

You must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we prescribe in the Manual or otherwise in writing and maintain the highest applicable health and operational standard.

You must sell at the Franchised Business only those products and services that are expressly authorized by us in the Manual, Franchise Agreement or otherwise in writing. We may add products and services in the future, which you and other franchisees must carry unless they are "optional." At this time, some products and services are optional. An example of these optional products is ice made from purified water. However, you must offer to sell all of our mandated products and services strictly in compliance with the Manual, Franchise Agreement or other writing issued by us from time to time. You are prohibited from offering or selling products or services that are not authorized by us especially if they replace and/or replicate our branded products and supplies. Within 30 days after receipt of written notice from us, you must begin selling any newly authorized goods and services and cease selling any goods and/or services that are no longer authorized. We do not limit the customers to whom you may sell goods or services.

Item 17: Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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.

Provision		Section(s) in Franchise Agreement	Summary
a.	Length of the franchise term	Section 4.1	5 years from the date that the Franchised Business opens.
b.	Renewal or extension of the term	Section 4.2	You have one (1) option to renew the franchise agreement for a term of 5 years.

Provision		Section(s) in Franchise Agreement	Summary
c.	Requirements for you to renew/extend	Section 4.2	In order to renew at the end of the Initial Term you must: (a) not be in default under any agreement; (b) have the ability to renew the commercial lease for the extended term; (c) tender a sufficient and timely notice of renewal to the franchisor; (d) possess sufficient financial capabilities to pay for remodeling, upgrading and any and all other expenses that are incurred in connection with and as a result of renewal; (e) promptly comply with franchisor's document requests to evaluate franchisee's renewal request; (f) sign a new Franchise Agreement.
d.	Termination by franchisee	Section 10.1	You generally have no right to terminate the Franchise Agreement unless good cause exists. However, Franchisee may terminate this Agreement any time before the franchisor approves the franchise location.
e.	Termination by franchisor without cause	Section 10.2	We have no right to terminate the Franchise Agreement without cause.
f.	Termination by franchisor with cause	Section 10.2	We may terminate the Franchise Agreement upon showing of cause and default.
g.	"Cause" defined - curable defaults	Section 10.3	Franchisor may terminate this Agreement, in its discretion and election, effective at the close of business 30 days after giving written notice of default cited in the notice. If a default cannot reasonably be cured within 30 days, franchisee may apply to Franchisor for additional time to complete the cure.

Provision		Section(s) in Franchise Agreement	Summary
h.	"Cause" defined - Non-curable defaults	Section 10.2	Non-curable defaults include: inability to agree on a franchise location; failure to satisfy the conditions relating to opening of the franchise business; failure to make payments to franchisor and any third party suppliers and vendors; failure to respond and communicate with the franchisor; failure to report or submit requisite financial statement; losing the right to possess and continue possess the leased space where the franchise business is conducted; Making any general arrangement or assignment for the benefit of creditors or file a bankruptcy petition; Making a material misrepresentation or omission in obtaining the franchise rights granted; failing to comply with the conditions governing the transfer of rights under the franchise agreement; Making any unauthorized use, publication, duplication or disclosure of any confidential information or any portion of the Manual; Abandoning or failing to refuse to actively operate the franchised business.
i.	Franchisee's obligations on termination/non-renewal	Section 11.1	Obligations include: payment of amounts due; return Manual; continued observance of covenants; discontinue use of Proprietary Marks and trade secrets; and complete de-identification of the Franchised Business.
j.	Assignment of contract by franchisor	Section 12.1	There are no restrictions on our right to assign.

Provision		Section(s) in Franchise Agreement	Summary
k.	"Transfer" by franchisee-defined	Section 12.2	Franchisee has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with directly or indirectly.
l.	Franchisor approval of transfer by franchisee	Section 12.2	Franchisee may seek Franchisor's prior written consent for any transfer, which shall not unreasonably be withheld and shall be subject to the further conditions stated in the franchise agreement.
m.	Condition for franchisor approval of assignment	Section 12.2	Conditions include: transferee qualified; reasonable sales price; payment of amounts due; no default on any agreement with us; no default beyond the applicable cure period on any commercial lease, equipment lease or financing instrument relating to the Franchised Business or with any vendor or supplier to the Franchised Business; transfer fee paid; agreements signed; and execution of guarantee under the terms of which you will remain liable for all obligations to us incurred before the transfer date and for one year following the transfer.
n.	Franchisor's option to purchase franchisee's business	Section 11.3	We can purchase all or part of your business assets upon expiration or earlier termination of the Franchise Agreement.
o.	Your death or disability of franchisee	Section 12.4	Transfer to any person owning a Controlling Interest in the equity or voting interests of franchisee, spouse, heirs or personal representative of the deceased or incapacitated person, or the remaining shareholders, members, partners or owners your spouse, adult children, parent, adult sibling is permitted. Such Transfer shall be completed within a reasonable time, not to exceed 180 days from the date of death or permanent disability.

Provision		Section(s) in Franchise Agreement	Summary
p.	Non-competition covenants during the term of franchise	Section 7.12	No diversion of any business or customer to any competitor; no interest in any water retail business that features purified, alkaline and oxygenated water as a primary selling item or whose method of operation or trade dress is similar to that used in the Wateria System.
q.	Non-competition covenants after the franchisee is terminated or expires	Section 7.13	No activity as described in q. above for two (2) years within the Protected Area and within twenty-five (25) miles of any then-existing Wateria Retail Store.
r.	Modification of the agreement	Section 17.8	No modification generally without signed agreement, but we may modify the Wateria System and the Manual.
s.	Integration/Merger Clause	Section 17.9	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable.
t.	Dispute resolution by arbitration or mediation	Section 15.1	Any dispute arising from or relating to this Agreement shall be resolved by arbitration according to the Commercial Rules of Arbitration of American Arbitration Association. Arbitration shall be conducted by a single arbitrator. The arbitration shall be conducted in Los Angeles, California.
u.	Choice of Forum	Sections 17.1 & 17.13	Subject to state law, you can only file suit where our principal office is then located (currently Whittier, California), and we may file suit in the jurisdiction where our principal office is then located, where you reside or do business, where the Franchised Business is or was located or where the claim arose.
v.	Choice of Law	Sections 15.1 & 17.13	The laws of the State of California a the governing law.

Item 18: Public Figures

We currently do not use any public figure(s) to promote the Franchise Business.

Item 19: Financial Performance Representations

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

We do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Kelly N. Choi, at 13120 Barton Road, Whittier, CA 90605 and telephone: (562) 906-1001, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

As of the date of present application, we do not have any franchisees.

TABLE NO. 1
SYSTEM WIDE OUTLET SUMMARY
FOR YEARS ~~2020~~ 2021 TO ~~2022~~2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	~~2020~~2021	0	0	0
	~~2021~~2022	0	0	0
	~~2022~~2023	0	0	0
Company-Owned	~~2020~~2021	0	0	0
	~~2021~~2022	0	0	0
	~~2022~~2023	0	0	0
Total Outlets	~~2020~~2021	0	0	0
	~~2021~~2022	0	0	0
	~~2022~~2023	0	0	0

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS ~~2018~~ 2019 TO ~~2022~~2023

STATE	YEAR	NUMBER OF TRANSFERS
CA	~~2018~~2019	0
	~~2019~~2020	0
	~~2020~~2021	0
	~~2021~~2022	0
	~~2022~~2023	0
TOTAL	~~2018~~2019	0
	~~2019~~2020	0
	~~2020~~2021	0
	~~2021~~2022	0
	~~2022~~2023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2020~~ 2021 TO ~~2022~~2023

STATE	YEAR		NUMBER OF OUTLETS					
		AT START OF THE YEAR	OPENED	TERMINATIONS	NON-RENEWALS	REAQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	AT END OF THE YEAR
CA	~~2020~~ 2021	0	0	0	0	0	0	0
	~~2021~~ 2022	0	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0	0
TOTAL	~~2020~~ 2021	0	0	0	0	0	0	0
	~~2021~~ 2022	0	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0	0

No Franchisees were cancelled or terminated and none were reacquired by Wateria CA, LLC during the most recent fiscal year (i.e., FYE 12-31-~~2022~~2023).

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS ~~2020~~ 2021 TO ~~2022~~2023

STATE	YEAR	NUMBER OF OUTLETS					
		AT START OF THE YEAR	OPENED	REACQUIRED FROM FRANCHISEES	CLOSED	SOLD TO FRANCHISEES	AT END OF THE YEAR
CA	~~2020~~ 2021	0	0	0	0	0	0
	~~2021~~ 2022	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0
TOTAL	~~2020~~ 2021	0	0	0	0	0	0
	~~2021~~ 2022	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0

TABLE NO. 5
PROJECTED NEW FRANCHISED OUTLETS
AS OF DECEMBER 31, ~~2022~~2023

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN	PROJECTED NEW FRANCHISED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS OPENINGS IN THE CURRENT FISCAL YEAR
CA	0	0	0
TOTAL	0	0	0

(l) Note: Wateria CA, LLC does not have any franchised outlets operating outside of California and does not operate any company-owned stores outside of California; it is not intending to open one or more stores in other states during its FYE December 31, ~~2023~~2024.

(2) See Exhibit H for List of Franchisees.

Item 21: Financial Statements

Attached to this disclosure document as Exhibit B are our audited financial statement for the period ending on December 31, ~~2022~~ 2023 and our audited interim financial statement for the period from June 28, 2022 (inception) to August 15, 2022. Since we have not been in operation for three years, we do not have three years of audited financial statements to include in this disclosure document.

Item 22: Contracts

The following agreements related to a Franchised Business are attached as exhibits to this disclosure document:

Exhibit A:	State Administrators/Agent for Service of Process
Exhibit B:	Financial Statement
Exhibit C:	Agreement Request Form
Exhibit D:	Franchise Agreement
Exhibit E:	Confidentiality Agreement
Exhibit F:	Addendum to Lease
Exhibit G:	Table of Contents of Confidential Operating Manual
Exhibit H:	List of Franchisees
Exhibit I:	List of Franchisees who Have Left the System
Exhibit J:	State Specific Addendum
Exhibit K:	State Effective Dates

Item 23: Receipts

THE LAST PAGE OF THE FRANCHISE DISCLOSURE DOCUMENT (FOLLOWING THE EXHIBITS AND ATTACHMENTS) IS A DOCUMENT ACKNOWLEDGING RECEIPT OF THE FRANCHISE DISCLOSURE DOCUMENT BY YOU (ONE COPY FOR YOU AND ONE TO BE SIGNED FOR US).

[NOTE: Next page is Exhibit A]

EXHIBIT A
LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

California
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104
(866) 275-2677 Toll Free; Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Department of Financial Protection and Innovation
320 W. 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677 Toll Free; Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834
(866) 275-2677 Toll Free; Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine
Department of Professional and Financial
Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933

Minnesota
Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 0 Street, Suite 400
Lincoln, Nebraska 68509

New York
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 - Phone
(212) 416-6042 – Fax

EXHIBIT A
LIST OF STATE ADMINISTRATORS (continued)

North Carolina
Secretary of State
Securities Division
Old Revenue Complex
2 South Salisbury Street
Raleigh, North Carolina 27601

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol — 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Director, Department of Business Regulation
John 0. Pastore Complex
1511 Pontiac Avenue
Building 69, First Floor
Cranston, Rhode Island 02920

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114-6704

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9' Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The Franchisor has not appointed an agent identified below unless it is registered in that state, as noted on the page following the State Cover page to this document.

California
Commissioner of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104
(866) 275-2677 Toll Free; Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Commissioner of Financial Protection and Innovation
320 W. 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677 Toll Free; Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Commissioner of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834
(866) 275-2677 Toll Free; Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Connecticut
Connecticut Banking Commissioner
Department of Banking; Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103; (860) 240-8299

Hawaii
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State; Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland
Maryland Securities Commissioner; Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota
Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York
Attention: New York Secretary of State
New York Dept. of State
One Commercial Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota
North Dakota Securities Department
State Capitol - 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

Rhode Island
-7 Director, Department of Business Regulation
John 0. Pastore Complex
1511 Pontiac Avenue
Building 69, First Floor
Cranston, Rhode Island 02920

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia
Clerk, State Corporation Commission
Tyler Building, Pt Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9733

Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Commissioner of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

EXHIBIT A

EXHIBIT B

WATERIA CA, LLC'S FINANCIAL STATEMENT

FOR THE PERIODS ENDING ON DECEMBER 31, 2023 AND FROM INCEPTION (JUNE 28, 2022) TO DECEMBER 31, 2022

(WITH INDEPENDENT AUDITOR'S REPORT)

EXHIBIT B

Wisely & Co, LLP
Tax • Audit • Consulting

4 Venture Ste 210, Irvine, CA 92618
O (949) 288-3639
F(949) 471-0200
www.wnco.net

FINANCIAL STATEMENTS

With Independent Auditor's Report

Wateria CA, LLC

December 31, 2023 and December 31, 2022

Wisely & Co, LLP
Tax • Audit • Consulting

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Wateria CA, LLC

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Independent Auditor's Report

To the Members and Management of
Wateria CA, LLC
Whittier, California

Opinion

We have audited the accompanying financial statements of Wateria CA, LLC (the "Company"), which comprise the Balance Sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in members' equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

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a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Wisely & Co, LLP

Wisely & Co, LLP
A California public accounting firm in Irvine, California

March 4th, 2024

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Wateria CA, LLC
BALANCE SHEET
As of December 31, 2023 and 2022

USD

	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	170,935	202,377
Other accounts receivable	18,433	380
Prepaid state taxes	800	-
Total Current Assets	190,168	202,757
Total Assets	**190,168**	**202,757**
Liabilities and Members' Equity		
Liabilities	-	
Total Liabilities	-	
Members' Equity	190,168	202,757
Total Liabilities and Members' Equity	**190,168**	**202,757**

See accompanying notes to the financial statements

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Wateria CA, LLC

STATEMENT OF OPERATIONS
For the Year ended December 31st, 2023 and 2022

USD

	2023	2022
Revenue	-	
Returns and allowances	-	
Net Revenue	-	
Operating Expenses:		
Office expense	-	47
Postage and delivery	139	-
Professional fees	12,450	35,000
Travel expense	-	2,196
Total Operating Expenses	**12,589**	**37,243**
Operating Loss	**(12,589)**	**(37,243)**
Net Loss	**(12,589)**	**(37,243)**

See accompanying notes to the financial statements

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Wateria CA, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year ended December 31st, 2023 and 2022

	USD
Balance – Inception (June 28, 2022)	-
Capital contributions	240,000
Net loss	(37,243)
Balance – December 31, 2022	**202,757**
Balance – December 31, 2022	202,757
Net loss	(12,589)
Balance – December 31, 2023	**190,168**

See accompanying notes to the financial statements

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Wateria CA, LLC

STATEMENT OF CASH FLOWS
For the Year ended December 31st, 2023 and 2022

USD

	2023	2022
Cash Flows from Operating Activities		
Net loss	(12,589)	(37,243)
Other account receivable	(18,053)	(380)
Prepaid state tax	(800)	-
Net Cash Used by Operating Activities	(31,442)	(37,623)
Cash Flows from Financing Activities		
Members' contributions	-	240,000
Net Cash Flows Provided by Financing Activities	-	240,000
Net Decrease in Cash and Cash Equivalents	(31,442)	202,377
Cash and cash equivalents - Beginning of Period	202,377	-
Cash and cash equivalents - End of Period	170,935	202,377
Supplemental Disclosure of Cash Flows Information:		
Cash paid during the period for interest and taxes	-	

See accompanying notes to the financial statements

Wisely & Co, LLP
Tax • Audit • Consulting

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Wateria CA, LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Organization and Nature of Business

Wateria CA, LLC (the "Company") is a privately held California limited liability company organized in California on June 28, 2022 for the planned principal purpose of conducting franchise sales, marketing, and management in purified water businesses. The Company will also operate its own retail stores selling purified water and related products.

The Company is owned by two members, and both members manage the Company.

NOTE 2 Summary of Significant Accounting Policies

Basis of Presentation

The Company has prepared its accompanying financial statements in accordance with accounting principles contained in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC), the single source of United States Generally Accepted Accounting Principles (GAAP) and referred to in this report as the Codification. Our reporting currency is U.S. dollars, and all references to dollars are U.S. dollars, unless stated otherwise.

The Company uses the accrual basis of accounting, and its accounting period is the 12-month period ending December 31 of each year.

Use of Accounting Estimates

Certain amounts included in or affecting the Company's financial statements and related disclosures must be estimated, requiring it to make certain assumptions with respect to values or conditions, which cannot be known with certainty at the time its financial statements are prepared. These estimates and assumptions affect the amounts the Company reports for assets and liabilities, its income and expenses during the reporting period, and its disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements.

The Company evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from its estimates. Any effects on its business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

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NOTE 2 Summary of Significant Accounting Policies-continued

Cash, Cash Equivalents and Restricted Deposits

The Company's management considers all bank deposits and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalent. The Company maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. The Company's cash and cash equivalent accounts were placed with high credit quality financial institutions. The Company has not experienced, nor does it anticipate, any losses in such accounts.

As of December 31, 2023, the Company had cash and cash equivalents of $ 170,935.

Revenue Recognition

The Company's franchise revenues consist of initial franchise fees, and royalties and advertising fees which are based on a percentage of franchisee gross revenues. Its sales revenue includes sales generated by its own retail stores.

Upon commencement of operations, the Company adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, advertising fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties and advertising which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

- Assistance in the selection of a site
- Assistances in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping

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NOTE 2 Summary of Significant Accounting Policies-continued

Revenue Recognition - continued

- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company sold no franchises during the period ended December 31, 2023.

Leases

On the date of inception (June 28, 2022), the Company adopted Accounting Standards Update No. 2016-02, Leases, issued by the Financial Accounting Standards Board regarding the accounting for leases, using the modified retrospective approach. The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset which the Company has the right to control. Both operating and financing lease right-of-use (ROU) assets are included in Properties and equipment with the corresponding operating lease liabilities included within Other current liabilities and Other noncurrent liabilities, while financing lease liabilities are included in Long-term debts due within one year and Long-term debts, less amount due within one year on the Balance Sheet.

Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments unless a rate is implicit in the lease. Lease terms include options to extend the lease when it is reasonably certain that those options will be exercised. Leases with an initial term of 12 months or less, including anticipated renewals, are not recorded on the balance sheet. The Company has made a policy election not to record any non-lease components of a lease agreement in the lease liability. Variable lease payments are not presented as part of the initial ROU asset or liability recorded at the inception of a contract. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. For finance leases, interest expense is recognized on the lease liability and the ROU asset is amortized over the lease term.

As of December 31, 2023, the Company has no lease, and has not recorded any ROU asset and liability.

Income Taxes

The Company is structured as a limited liability company under the laws of the state of California, and it plans to be taxed as a S-corporation. Accordingly, the income or loss of the Company will be included in the income tax returns of the members, and the Company will pay its California franchise tax of 1.5% of its net taxable income determined based on the California tax laws.

In California, there is a minimum franchise tax of $ 800 each year even in the year of a net taxable loss. However, California exempts a S-corporation from paying the minimum tax of $ 800 for the first tax year. The Company had a net taxable loss, which was determined by the California tax laws, for the period ended December 31, 2023. Therefore, there was no provision for federal and state income or franchise taxes for the period ended December 31, 2023.

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NOTE 2 Summary of Significant Accounting Policies-continued

Income Taxes - continued

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return.

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, the carrying amount approximate fair value due to their short maturities.

Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash and cash equivalents.

Advertising Costs

The Company's policy is to expense advertising costs when incurred. The Company incurred no advertising expenses during the period ended December 31, 2023.

Other Contingencies

The Company recognizes liabilities for other contingencies when the Company has an exposure that indicates it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely that any other, the low end of the range is accrued.

NOTE 3 Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

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NOTE 4 Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events,* the Company's management has reviewed and evaluated subsequent events through March 4th, 2024, the date on which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

FINANCIAL STATEMENTS

With Report of Independent Auditors

Wateria CA, LLC

As of August 15, 2022 and
for the Period from Inception (June 28, 2022) to August 15, 2022

Wateria CA, LLC

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Report of Independent Auditors

To the Members and Management of
Wateria CA, LLC
Whittier, California

Opinion

We have audited the accompanying financial statements of Wateria CA, LLC (the "Company"), which comprise the balance sheet as of August 15, 2022, and the related statements of operations, changes in members' equity, and cash flows for the period from inception (June 28, 2022) to August 15, 2022, and the related notes to the financial statements.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of August 15, 2022, and the results of its operations and its cash flows for the period from inception (June 28, 2022) to August 15, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Wisely & Co, LLP

Wisely & Co, LLP
August 30, 2022

Wateria CA, LLC

BALANCE SHEET

As of August 15, 2022

	USD
	2022
Assets	
Current Assets:	
Cash and cash equivalents	204,980
Total Current Assets	204,980
Total Assets	**204,980**
Liabilities and Members' Equity	
Liabilities	-
Total Liabilities	-
Members' Equity	**204,980**
Total Liabilities and Members' Equity	**204,980**

See accompanying notes to the financial statements

Wateria CA, LLC

STATEMENT OF OPERATIONS

For the Period from Inception (June 28, 2022) to August 15, 2022

	USD
	2022
Revenue	-
Returns and allowances	-
Net Revenue	-
Operating Expenses:	
Legal fees	35,000
Bank fees	20
Total Operating Expenses	**35,020**
Operating Loss	**(35,020)**
Net Loss	**(35,020)**

See accompanying notes to the financial statements

Wateria CA, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the Period from Inception (June 28, 2022) to August 15, 2022

	USD
Balance – Inception (June 28, 2022)	**-**
Capital Contributions	240,000
Net Loss	(35,020)
Balance – August 15, 2022	**204,980**

See accompanying notes to the financial statements

Wateria CA, LLC

STATEMENTS OF CASH FLOWS

For the Period from Inception (June 28, 2022) to August 15, 2022

	USD
	2022
Cash Flows from Operating Activities:	
Net loss	(35,020)
Net Cash Used by Operating Activities	**(35,020)**
Cash Flows from Financing Activities	
Members' contributions	240,000
Net Cash Flows Provided by Financing Activities	**240,000**
Net Increase in Cash and Cash Equivalents	**204,980**
Cash and cash equivalents-Beginning of Period	**-**
Cash and cash equivalents-End of Period	**204,980**
Supplemental Disclosure of Cash Flows Information:	
Cash paid during the period for interest and taxes	-

See accompanying notes to the financial statements

Wateria CA, LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Organization and Nature of Business

Wateria CA, LLC (the "Company") is a privately held California limited liability company organized in California on June 28, 2022 for the planned principal purpose of conducting franchise sales, marketing, and management in purified water businesses. The Company will also operate its own retail stores selling purified water and related products.

The Company is owned by two members, and both members manage the Company.

NOTE 2 Summary of Significant Accounting Policies

Basis of Presentation

The Company has prepared its accompanying financial statements in accordance with accounting principles contained in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC), the single source of United States Generally Accepted Accounting Principles (GAAP) and referred to in this report as the Codification. Its reporting currency is U.S. dollars, and all references to dollars are U.S. dollars, unless stated otherwise.

The Company uses the accrual basis of accounting, and its accounting period is the 12-month period ending December 31 of each year.

Use of Accounting Estimates

Certain amounts included in or affecting the Company's financial statements and related disclosures must be estimated, requiring it to make certain assumptions with respect to values or conditions, which cannot be known with certainty at the time its financial statements are prepared. These estimates and assumptions affect the amounts the Company reports for assets and liabilities, its income and expenses during the reporting period, and its disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements.

The Company evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from its estimates. Any effects on its business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Cash, Cash Equivalents and Restricted Deposits

The Company's management considers all bank deposits and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalent. The Company maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. The Company's cash and cash equivalent accounts were placed with high credit quality financial institutions. The Company has not experienced, nor does it anticipate, any losses in such accounts.

As of August 15, 2022, the Company had cash and cash equivalents of $ 204,980.

Revenue Recognition

The Company's franchise revenues consist of initial franchise fees, and royalties and advertising fees which are based on a percentage of franchisee gross revenues. Its sales revenue includes sales generated by its own retail stores.

Upon commencement of operations, the Company adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, advertising fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties and advertising which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

Revenue Recognition-continued

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company sold no franchises during the period ended August 15, 2022.

Income Taxes

The Company is structured as a limited liability company under the laws of the state of California, and it plans to be taxed as a S-corporation. Accordingly, the income or loss of the Company will be included in the income tax returns of the members, and the Company will pay its California franchise tax of 1.5% of its net taxable income determined based on the California tax laws.

In California, there is a minimum franchise tax of $ 800 each year even in the year of a net taxable loss. However, California exempts a S-corporation from paying the minimum tax of $ 800 for the first tax year. The Company had a net taxable loss, which was determined by the California tax laws, for the period ended August 15, 2022. Therefore, there was no provision for federal and state income or franchise taxes for the period ended August 15, 2022.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return.

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, the carrying amount approximate fair value due to their short maturities.

Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash and cash equivalents.

Advertising Costs

The Company's policy is to expense advertising costs when incurred. The Company incurred no advertising expenses during the period ended August 15, 2022.

NOTE 3 Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus ("COVID-19") as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2021 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's future operational and financial performance may evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company's customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

NOTE 4 Subsequent Events

Management has reviewed and evaluated subsequent events through August 30, 2022, the date on which the financial statements were issued.

EXHIBIT "C"

FRANCHISE AGREEMENT REQUEST FORM

Prospective Franchisee desires to develop and operate one or more franchised Wateria Retail Store(s) from Wateria CA, LLC ("Franchisor") and hereby agrees and represents as follows:

1. Type of Agreement: **FRANCHISE AGREEMENT**

2. Entity/Individual Name:_____

3. Date of Incorporation or Date of Organization: _____

4. Interest Holder re Entity:

Name	Address/Email Address/Phone Number	Ownership Interest (%)

5. Guarantor(s):_____

6. Franchise Fee: _____ Royalty Rate:_____

7. Franchise Agreement:

a. Location Approval Date: _____

b. Anticipated Opening Date: _____

c. Protected Area:_____

IN WITNESS WHEREOF, Prospect has executed this Request as of the _____ day of _____, 20____.

PROSPECTIVE FRANCHISEE:

_____

By:_____

Print Name:_ _____

Title:_____

EXHIBIT "C"

EXHIBIT "D"

FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** (the "Agreement") is made by and between WATERIA CA, LLC, a California corporation ("Company") and _____ ("Franchisee") (collectively "Parties") as of the ("Effective Date") with reference to the following facts.

RECITALS

A. Company owns the right to use a distinctive system (the "Wateria System") for the establishment, operation and promotion of a retail water store featuring, among others, purified water, alkaline water, and oxygenated water utilizing a uniform operating method, proprietary water filtering/purification technology, proprietary information, process, and trade secrets developed and licensed by or for Company ("Wateria Retail Store").

B. Company has the contractual right to the name, "Wateria," and to other distinctive marks, logos, and commercial symbols which identify Wateria Retail Stores (collectively referred to as the "Wateria Marks").

C. Company maintains high standards of quality, appearance, and service, which the public identifies with Wateria Retail Stores and the Wateria Marks.

D. Franchisee desires to obtain a franchise and license to use the Wateria System and the Wateria Marks in the operation of a Wateria Retail Store, and Company is willing to grant a license to Franchisee on the terms set forth in this Agreement.

NOW, THEREFORE, the Parties agree as follows:

1. **APPOINTMENT**

1.1. Grant of Franchise Rights

(a) Company grants to Franchisee, and Franchisee accepts, on the terms and conditions set forth in this Agreement, a franchise and license to use the Wateria Marks and Wateria System in the operation of one (1) Wateria Retail Store at an approved franchise location ("Franchise Location"). The franchise and license granted specifically apply to the approved Franchise Location. Company grants Franchisee no rights other than the rights expressly stated herein. Franchisee's commercial and business activities conducted pursuant to this Agreement are collectively referred to as the "Franchised Business."

(b) The Wateria System is composed of a variety of elements, designated from time to time by Company and/or its licensor, designed to identify Wateria Retail Stores to the public and to contribute to such identification and its association with standards of quality. The Wateria System includes the use of a uniform identification to distinguish Wateria Retail Stores from other

retail water stores and/or outlets, including the use of the Wateria Marks; uniform specifications for exterior and interior design and appearance of Wateria Retail Stores; distinct water products, uniform product designations, purification/filtering equipment and supplies and water purification and filtering oxygenation and conversion to Alkaline water processes, management and training programs, uniform operating methods and procedures, fixtures, furnishings and signage; prescribed product selections; access to, and use of, Confidential Information defined hereinbelow; advertising, marketing, maintenance and publicity programs; and customer and community relations programs; and other specifications which now, or in the future, are stated in Company's Systems Manual ("Manual") or are communicated to Franchisee in writing, written documents and in meetings. Company, in its sole discretion, reserves the absolute right to modify the Wateria System from time to time with or without notice. Franchisee shall receive written notice of all changes implemented by Company in the Wateria System. Franchisee shall implement all changes made in the Wateria System, at Franchisee's sole cost and expense, within a reasonable time or stated deadline after receiving notice of a change.

1.2. Additional Franchise. This Agreement does not grant Franchisee any preferential right, or right of any kind, to acquire any additional franchise. Franchisee acknowledges that granting of an additional franchise is a matter solely at Company's discretion. If Company approves Franchisee's application to purchase an additional franchise, the Parties shall execute the then-current form of a Franchise Agreement, which Franchisee acknowledges may be materially different than the terms of this Agreement. Company's approval of Franchisee's application to purchase an additional franchise for a Wateria Retail Store shall not constitute, or be regarded as precedent for, approval of any other application by Franchisee.

2. FRANCHISE LOCATION; TERRITORY; RESERVED RIGHTS; RELOCATION

2.1. Procedure for Selecting Franchise Location. Following the execution of this Agreement, Franchisee shall identify potential location(s) which meet Company's guidelines and submit a written location proposal to Company.

(a) During the location selection process, Franchisee shall report to Company on the status of Franchisee's efforts to identify a suitable location and secure a location for the franchise.

(b) Franchisee's location proposal must include a written location evaluation report discussing the suitability of the location for a Wateria Retail Store.

(c) Company shall have thirty (30) days following receipt of the completed location proposal to approve the proposed location; Company's failure to give timely notice or response shall constitute disapproval of the proposed location. Company, at its discretion, may terminate this Agreement if the proposed location is disapproved. The location which Company approves shall be the Franchise Location, and the Parties shall then either execute, or be deemed to have completed, **Exhibit "A"** to state the street address of the approved location, which shall then be deemed to be incorporated herein by reference.

(d) Franchisee acknowledges that (i) it is solely responsible for the location selection, (ii) Company's approval of a location that Franchisee proposes does not constitute a guaranty or warranty that a Wateria Retail Store at that location will be competitive and profitable; such approval suggests only that the Company determined for its own benefit, that the proposed location does not deviate from Company's then-current minimum location proposal guidelines; (iii) Company's location approval does not certify that development of the location according to Company's design standards and construction guidelines will comply with local zoning and building codes; and (iv) Franchisee is solely responsible for complying with all applicable permit requirements for construction and development of the approved location as a Wateria Retail Store.

(e) Franchisee's Territory is the geographic area located within and including the following boundaries: _____
_____ ("Territory")

2.2. Grant of Territorial Rights. Company shall not engage in the following activities in the Territory identified in Section 2.1(e) of the Agreement:

(a) Grant others the right to operate a Wateria Retail Store in the Territory.

(b) Operate a Wateria Retail Store in the Territory.

(c) If Company, in the future, adds a delivery program to the Wateria System, Company agrees not to engage, or permit others to engage, in delivery services of products sold at Wateria Retail Stores, to consumers and businesses located within the Territory.

(i) Nothing in or elsewhere in this Agreement prohibits Company from engaging in the following activities in the Territory: (ii) Operating or permitting others to operate retail stores that are not Wateria branded water stores, even in Franchisee's Territory; (iii) Selling (or permitting others to sell) any products sold at Wateria Retail Stores, under the Wateria Marks or under other names, to grocery stores, convenience stores, specialty retail stores, and department stores, rail terminals, sports arenas, amusement parks, public parks, theaters, hospitals, mobile units, carts, kiosks, vending machines, selling bottled water and accessories located within the Territory.

(d) Franchisee acknowledges that Company, entities related to Company through common ownership, and each of their officers, directors, employees and agents, may engage in any and every activity within or outside of the Territory, which is not expressly prohibited by this Agreement. Except for the restriction stated herein, this Agreement does not limit Company's right to use or license the Wateria Marks or the Wateria System, or to engage in, or license, any other type of business activity, whether similar to or different from the Wateria System.

2.3. Reserved Rights of the Company. Franchisee agrees it has no right to participate, directly or indirectly, in any activity reserved by Company, and no right to object to issuance of franchise and/or sub-franchise rights to others.

(a) Company, in its sole discretion, reserves the right to approve exceptions or deviations from the Wateria System. Franchisee acknowledges it has no right to object to variances granted to others and no claim against Company for failing to enforce standards of the Wateria System against other Wateria Retail Store franchisees. Franchisee acknowledges that Company does not intend to grant Franchisee any exception or deviation from the standards of the Wateria System unless, in Company's sole discretion, Company finds exceptional or special circumstances exist justifying such allowance. Company is not required to apply this same standard in determining whether to grant exceptions or variances to others. Any exception or deviation granted by Company must be in writing and executed by Company in order to be enforceable.

2.4. Franchisee Relocation. Relocation may be allowed only in the following circumstances:

(a) If the Parties mutually believe relocation will grow the business potential of the franchise, Franchisee shall relocate its Wateria Retail Store to a new location selected by Franchisee, and approved by Company, according to Company's then-current location selection procedures provided to Franchisee in writing.

(b) If the existing location is destroyed, condemned, or otherwise determined unusable.

(c) If the relocated premises are not in Franchisee's original Territory, a new Territory shall be considered and established according to the procedures applicable to designation of the original Territory. The relocated premises shall be constructed and equipped according to the then-current appearance and design standards and equipment specifications which apply to new Wateria Retail Stores. All costs, fees and expenses relating to relocation, construction and build-out of new premises shall be the sole responsibilities of the Franchisee.

(d) Franchisee shall complete relocation according to the requirements of this Agreement without interruption in the continuous operation of Franchisee's Wateria Retail Store unless agreed to otherwise, in writing.

3. USE OF THE WATERIA SYSTEM AND WATERIA MARKS

3.1. Ownership of Wateria System and Wateria Marks.

(a) Franchisee is prohibited from contesting validity, or Company's ownership and/or contractual right, of any of the Wateria System or Wateria Marks, or assist any other person to contest the validity, or Company's ownership and/or contractual right, of such property rights, during the term of this Agreement or any time after the Effective date of Termination or after an assignment or transfer as described in Section 12.

(b) Company does not guaranty that any particular improvement or additions will be added to the Wateria System. Any improvements or additions which Company makes to, or which become associated with the Wateria System, including, without limitation, ideas suggested or initiated by Franchisee or other Wateria Retail Store franchisees, as well as all data Franchisee

collects, creates, provides, or otherwise develops is, and will be, owned exclusively by Company, and shall benefit, and become the exclusive property of Company.

3.2. Use of Wateria Marks.

(a) Franchisee shall use the designated Wateria Marks as the sole identification of its Wateria Retail Store but shall clearly and conspicuously identify Franchisee as the independent owner of its Wateria Retail Store in the manner prescribed by Company. Franchisee shall not use any of the Wateria Marks, or any part thereof: (i) if an entity, in Franchisee's corporate or entity name, or with any prefix, suffix or other modifying words, terms, designs, colors or symbols, (ii) in any modified form, (iii) in connection with the sale of any unauthorized services or products, or (iv) in any other manner not expressly authorized in writing by Company. Franchisee shall not use any of the Wateria Marks in any manner that may result in Company's liability for any debt or obligation of Franchisee. Franchisee shall prominently display the Wateria Marks, among others, on indoor and outdoor signs, sales receipts, packaging, uniforms, and other items specified by Company and only according to Company's specification and authorization.

(b) Company reserves the right to modify or discontinue the use of any of the Wateria Marks, including, without limitation, the name Wateria, and to add new names, marks, designs or other commercial symbols to the Wateria Marks, from time to time. Franchisee shall immediately implement, at its sole expense, with Company's directions to modify or discontinue using, or to use new, Wateria Marks within a reasonable time after written notice from Company, and Company shall have no liability to Franchisee for any cost, expense, loss or damage relating to modification and/or discontinuance.

(c) Franchisee shall not use the Wateria Marks in any electronic mail address or in any domain name, nor shall Franchisee create nor maintain a website or advertise on the Internet, or on any other public computer network, using the Wateria Marks.

3.3. Disputes Regarding Wateria Systems or Wateria Marks. Company or Company's licensor shall have the sole right to handle disputes with third parties concerning the Wateria Marks or the Wateria System.

(a) Franchisee shall notify Company if Franchisee receives notice of any improper use of any Wateria Marks, a third party's unauthorized use of Wateria Marks, or any demand, claim or suit alleging unauthorized use of the Wateria System or Wateria Marks.

(b) Company shall have sole and independent discretion to take such action or no action as it deems appropriate. Franchisee has no right to settle or compromise any claim, suit or demand asserted against it. Franchisee shall collaborate and cooperate with Company and execute documents, in Company's judgment, be advisable in the defense of such demand, claims or suits and to protect Company's rights in the Wateria System and Wateria Marks.

4. TERMS AND RENEWAL

4.1. Term. The term of this Agreement starts on the Effective Date and expires five (5) years from the Opening Date, unless this Agreement is terminated sooner (such five (5) year period is referred to as the "Term").

4.2. Renewal. Franchisee may renew the franchise once, for a term of five (5) years (this optional five (5) year period is referred to as the "Renewal Term" and option to renew is referred to as the "Renewal Option"). Franchisee's right to exercise the Renewal Option is subject to the following conditions:

(a) Franchisee must not be in default under this Agreement at the time Franchisee exercises its Renewal Option by tendering a written notice of renewal. Franchisee must have the ability to keep and/or extend the commercial lease for the Wateria Retail Store through the Renewal Term.

(b) Franchisee exercises its Renewal Option by giving a written notice of at least six (6) months, but not more than twelve (12) months, before expiration of the Term. The notice must be accompanied by payment of a nonrefundable renewal fee ("Renewal Fee") equal to $5,000.00.

(c) Franchisee is required to provide evidence sufficient to assure Company that Franchisee possesses sufficient financial means to pay for upgrading and remodeling its Wateria Retail Store and any and all other expenses that are incurred in connection with the renewal process. Franchisee agrees to promptly provide any type of evidencing documents that the Company requests during the renewal evaluation. These documents shall include tax returns, financial statements and business bank statements for at least two prior (2) years preceding the date of Franchisee's exercise of the Renewal Option.

(d) Franchisee shall execute a new Franchise Agreement and any ancillary agreements then customarily used by Company. This may be materially different from the original Franchise Agreement. Franchisee shall not be required to pay the initial franchise fee stated therein but shall instead pay the Renewal Fee in the amount of $5,000.00.

(e) As a condition for approval of the Renewal Term, Franchisee shall complete, at its sole expense, all Repairs and Maintenance, Renovation (defined in Section 7.4) required to conform its physical condition and operating methods to its Wateria Retail Store to the then-current standards, specifications, and requirements of the Wateria System.

4.3. Additional Conditions. Franchisee's failure to complete all steps required by this section shall be deemed an election by Franchisee not to exercise or revocation of the Renewal Option. Franchisee's purported exercise of the Renewal Option shall be ineffective if Franchisee is in default under this Agreement when Franchisee tenders a notice exercising the Renewal Option. Franchisee acknowledges and agrees that the agreements Franchisee may be required to execute

to exercise the Renewal Option may contain materially different terms than this Agreement, including, without limitation, increased or additional Royalty, Marketing and other fees.

5. COMMERCIAL LEASE, CONSTRUCTION OF FRANCHISE LOCATION & OPENING DATE

5.1. Lease; Addendum to Lease. Franchisee shall use its best efforts to obtain a commercial lease with a term and a renewal option that match the Term and Renewal Option in this Agreement. Franchisee shall sign a lease for the Franchise Location and Franchisor's form of Addendum to Lease, concurrently. Franchisee shall deliver to Company a copy of its commercial lease (the "Lease") with landlord of the building where the rented premises is located and the Addendum to Lease, each duly executed by Franchisee and the landlord. The Addendum to Lease form shall be in the form attached to Company's Franchise Disclosure Document ("FDD") delivered to Franchisee. Franchisee acknowledges that (i) it is solely responsible for negotiating the terms of the Lease and (ii) Company is not obligated to lease the Franchise Location for Franchisee.

(a) Company may terminate this Agreement if Franchisee fails to deliver to Company, within six (6) months of signing this Agreement a fully executed commercial lease agreement and the Addendum to Lease attached to FDD distributed to Franchisee in conjunction with this Agreement.

5.2. Construction of Franchise Location. Company shall loan Franchisee a copy of Company's Manual and/or other written communications, which includes, although it may not be comprehensive, Company's then-current construction and interior and exterior décor guidelines.

(a) Franchisee is fully responsible for construction of the Wateria Retail Store according to the Manual and/or other written communications, including, without limitation: (i) preparing detailed construction drawings tailored to the specific dimensions of the Franchise Location which conform to Company's plans and obtaining Company's approval of such plans; (ii) retaining licensed and bonded contractors and obtaining all contractors' lien waiver(s) for the work performed; (iii) maintaining requisite insurance policies that are specified in the Agreement during the pendency of construction; (iv) ensuring that construction and building out conform to local building codes and obtaining all required government and regulatory approvals and permits, including (without limitation) zoning, parking, sanitation, building, utility and sign permits; (v) installing all required equipment, furnishings and signs; and (vi) using best efforts to do everything necessary to complete construction of the Franchise Location and cause the Wateria Retail Store to open on or before the Opening Date.

(b) Franchisee acknowledges that (i) it will select all contractor(s) to perform construction work and is solely responsible for their acts and omissions, (ii) Company is not responsible for managing or controlling Franchisee's contractor(s) rendering construction services or otherwise, and (iii) Company shall have no liability to Franchisee or to any third party for the acts or omissions of the persons hired or retained by Franchisee to provide construction services.

(c) Franchisee acknowledges that (i) Company shall have no liability to Franchisee or to any third party for any loss or damage arising directly or indirectly from the design or

specifications of the Wateria Retail Store, by reason of Company's approval of Franchisee's plans and specifications, or as a consequence of actual construction or otherwise, and (ii) Company's physical inspection of construction shall not, and is not intended to, certify that construction complies with applicable codes or building requirements or attest to the quality of workmanship.

5.3. Opening Date. The "Opening Date" shall be the date that the Wateria Retail Store commences to do business with the public, which date shall not be later than one (1) year of the Effective Date. Company may, in Company's sole discretion, but is not in any way obligated to, extend the Opening Date if Company determines that Franchisee has not fully complied with the terms specified in the Agreement.

6. SERVICES FURNISHED BY COMPANY

Company shall provide the following services:

6.1. Company's Manual and Training Materials. Company will either loan or provide Franchisee electronic or physical access to one (1) copy of Company's Manual for as long as this Agreement is in place.

(a) The Manual shall remain Company's sole property and shall promptly be returned to Company upon request. Franchisee shall treat all information contained in the Manual as confidential and use all reasonable efforts to keep the information confidential. Franchisee shall not, without Company's prior written consent, copy, scan, duplicate, record or otherwise reproduce the Manual, in whole or in part, or otherwise make it available to any person or entity not required to have access to its contents in order to carry out the functions of his or her employment duties.

(b) The Manual and proprietary training materials contain both mandatory and recommended specifications, standards and operating procedures for all Wateria Retail Store franchisees and information pertinent to the Wateria System and Franchisee's obligations. Among the subjects the Manual and proprietary training materials may cover are operating guidelines, including, but not limited to, construction, location selection guidelines, and standard grand opening programs. Franchisee shall comply with all mandatory specifications, standards, operating procedures, and rules prescribed from time to time by Company in the Manual or otherwise communicated to Franchisee. The mandatory requirements now or hereafter contained in the Manual or otherwise communicated to Franchisee in writing are incorporated to this Agreement by reference, and a breach of any such mandatory requirement shall constitute a material breach of this Agreement.

(c) Company reserves the right to modify and supplement the Manual, to reflect changes implemented in the mandatory and recommended specifications, standards, and operating procedures of the Wateria System. Such modification and/or supplements shall be reflected in the Manual or in other written communications communicated to Franchisee or provided to Franchisee electronically. Franchisee shall immediately conform its operations to such revisions.

(d) Franchisee shall promptly notify Company if any part of its copy of the Manual is destroyed or misplaced. Provided that Franchisee proves to the Company that such loss is not

the result of Franchisee's negligent maintenance of the Manual, Company shall furnish Franchisee with the needed replacement copy or portion of the current Manual. Franchisee shall pay Company a replacement Manual fee of $500.00 for each Manual.

(e) Franchisee acknowledges that its substantial compliance with the Manual is critical to Company and other Wateria System franchisees and is essential to protect the Wateria Marks and to maintain the uniform quality of operation throughout the system.

6.2. Equipment and Supplies. The Manual and/or other written communication contain specifications for all equipment, supplies, furnishings inventory required to operate the Wateria Retail Store. Company may modify and/or supplement specifications, in its sole discretion, at any time, without the consent of Franchisee. Franchisee will have a reasonable time to adopt each modification and/or supplement and may be required to cease using discontinued items and replace them with items meeting newly made specifications. Franchisee is solely responsible for installing and maintaining all equipment, supplies, furnishings, and materials required to fully implement the proposed modifications and supplements.

(a) Company reserves the right to require that all Wateria Retail Store franchisees purchase designated products, parts, supplies, equipment, software, or other goods or services (collectively referred to as "Required Goods/Services") directly from Company or specific suppliers whom Company designates. Required Goods/Services may in some cases include items that are Company's or its licensor's proprietary trade secrets or are otherwise specially fabricated according to Company and/or its licensor's specifications. Company shall identify the Required Goods/Services and designated suppliers in the Manual or otherwise by notice in writing. Company shall have the right to charge a markup on proprietary and non-proprietary goods purchased by Franchisee from Company and to revise the pricing from time to time.

(b) Company reserves the right to modify and/or supplement the list of Required Goods/Services, required suppliers, or recommended suppliers from time to time in its discretion, including, without limitation, expanding the list of Required Goods/Services and withdrawing or revoking its approval of any supplier, at any time with and/or without notice. Franchisee shall not place any new order for any item or with any supplier after receiving written notice of changes in the item's specifications or that Company's approval of the supplier has been withdrawn or revoked.

(c) To obtain approval to purchase any brand or items of equipment, supplies, materials, furnishing or inventory not currently approved by Company, Franchisee shall submit a written request with supporting information which may include the samples of the item for examination and/or testing and information, any information supporting the proposed supplier's financial stability, business reputation and general business credit rating. Company may impose a charge to cover its costs of inspecting or testing any item, including expenses to visit the proposed supplier's headquarters or production facility, for lab testing, or other direct costs, which must be paid before inspection or testing commences. Company will evaluate not only the quality and conformity of the item sought to be purchased from the proposed supplier, but also the proposed supplier's reputation and delivery capabilities.

(i) Company will notify Franchisee in writing within ninety (90) days after all requested information is received and inspection or testing is completed if Company approves the proposed item and/or supplier. No response from Company should be deemed as denial of Franchisee's request.

(d) Company will, from time to time, independently negotiate with vendors that sell goods to entities which are related to Company and own Wateria Retail Stores to extend identical pricing benefits to Wateria Retail Store franchisees.

6.3. Initial and Continuing Training Program. Company will provide an initial training program prior to the Opening Date. Company shall not charge a training fee for providing the initial training program, however, a fee will be charged for the additional training program whether it is requested by the Franchisee or by the Company. The Company may require the Franchisee to participate in the additional training program only if good cause is warranted.

(a) All training courses shall be conducted at Company's headquarters, at one or more operating Wateria Retail Stores, or such other locations designated by Company.

(b) Company may change its training programs at any time with prior notice.

6.4. Marketing Funds. Company will develop advertising and promotional materials designed to heighten the reputation and identity of the Wateria Marks and Wateria Retail Stores through the application of the Marketing Fund (the "Marketing Fund"). Company may develop such advertising and promotional materials using in-house personnel and/or outside advertising agencies and vendors. The Marketing Fund is solely financed through the Marketing Fees contributed by the Wateria Retail Store franchisees.

(a) Company has the right to use the Marketing Fund to meet all costs of maintaining, administering, directing, and preparing advertising and promotional programs for the purposes herein identified, and for public relations, branding programs, promotions and advertising and market research. No restrictions are imposed on Company's ability to use the Marketing Fee for these purposes. In other words, the Company retains complete discretion over the time, place, and manner of how all advertising fees are paid from the Marketing Fees. Company makes no representation that any amount of the Marketing Fee will be spent in any given geographic region, that monies will be spent on advertising, marketing or promotional activities which are general in scope, or that monies will be spent in Franchisee's market area in proportion to Franchisee's contributions to the Marketing Fee.

(b) Company will prepare an annual accounting of the Marketing Fee and will furnish a copy of it to the Franchisee upon written request. Company may reimburse itself for actual administrative costs to manage the Marketing Fee, in an amount per annum which will not exceed 10.00% of aggregate contributions to the Marketing Fee for that year.

6.5. Inspections. Franchisee authorizes Company, during business hours, and with or without prior notice to Franchisee, to enter Franchisee's Wateria Retail Store and conduct inspections of Franchisee's Wateria Retail Store and its methods of operation, including, but not

limited to, observing and conducting discussions with Franchisee's employees and reviewing Franchisee's books and records (including, without limitation, data stored on Franchisee's onsite computer and cloud-based storage) to verify compliance with this Agreement and the Manual. Franchisee shall cooperate with Company's inspections and promptly cure any and all non-compliance whether an oral or written notice is issued by the Company after the inspections.

6.6. Terms of Purchase and Sale

(a) Company may add additional terms in an invoice or purchase order, or other sales document. Those terms shall supplement the terms in this section. In case of any conflict, the terms contained in the invoice, purchase order, or other sales document control.

(b) Company may stop selling and/or delivering any or all goods and/or services to Franchisee if any payment due to Company is past due. Franchisee acknowledges that this action may significantly impact Franchisee's business operation because, among other things, Company's decision to stop selling and/or providing services and/or delivering goods does not excuse Franchisee from the obligation to comply with this Agreement and all aspects of the Wateria System, and does not waive or modify other remedies for Franchisee's failure to pay on time.

(c) Company warrants only that the goods sold to Franchisee will be free from material defects. This is the sole warranty regarding the goods sold. This warranty does not cover and Company shall not be responsible for any damage caused by or resulting from (i) something other than a processing or manufacturing defect; (ii) accident, negligence, misuse, abuse, improper storage, outside force that damages the product, or failure to follow care or handling or storage instructions for the product; or (iii) any reason during shipment of the product.

(d) Franchisee's receipt of goods and services is an unqualified acceptance of the goods and services, including quantity, quality and all other attributes, and a waiver by Franchisee of any and all claims regarding those goods and services unless Franchisee timely delivers written notice to Company detailing the nature of Franchisee's claim, within three (3) days after receipt of the goods or services for quantity or other visible defects; and within ten (10) days after receipt of goods and services for latent defects.

(e) If Company breaches the warranty, then Company will have the option to (i) accept return of the goods and issue Franchisee a credit for the applicable portion of the price paid (ii) replace the goods or services, or (iii) where applicable, repair the goods or provide additional remedial services, or (d) refund the purchase/service price paid for that portion of the goods and services which are defective, or refund a reasonable portion of the purchase price based on the nature of the defect and the portion of the goods and/or services affected. The option selected by Company is Franchisee's sole and exclusive remedy for breach of warranty.

(f) COMPANY SHALL NOT BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, UNDER ANY CIRCUMSTANCES, WHETHER BASED ON CONTRACT OR TORT, OTHER PERSONAL INJURY, OR ANY OTHER INJURY OR DAMAGE.

(g) IN ANY EVENT, COMPANY'S MAXIMUM LIABILITY WHETHER RESULTING FROM BREACH OF CONTRACT, OR NEGLIGENCE OR OTHERWISE SHALL NOT EXCEED THE PAYMENT MADE BY THE FRANCHISEE.

(h) Franchisee shall pay or reimburse Company (Franchisor's option) all taxes and/or charges that Company may be required to pay, whether for Franchisee or for its own account, to any government authority on the sale, production or transportation of goods Franchisee buys from Company. Company is entitled to reasonable attorney's fees and costs incurred in enforcing its right with respect to this section.

7. ADDITIONAL OBLIGATIONS OF FRANCHISEE

7.1. Management

(a) Franchisee shall devote full time and attention to supervising all administrative and operational activities of the Wateria Retail Store. If Franchisee is not an individual, the owner of a Controlling Interest of the equity or voting interests of Franchisee must devote full time and attention to such activities.

7.2. Restriction of Operations

(a) Franchisee shall (i) use all materials, products, supplies, goods, uniforms, furnishings, signs, equipment, and services specifically prescribed by Company or which conform to its specifications and standards, and (ii) conduct its Wateria Retail Store operation in accordance with the operational standards and specifications established by Company and set forth in the Manual or in training materials or otherwise communicated to Franchisee, as such standards and specifications may be revised in the future by Company in its discretion. Franchisee shall not use any materials, products, supplies, goods, uniforms, furnishings, signs, equipment, and services: (1) which have not been approved by Company in writing as meeting its specifications and standards; and/or (2) in or from any location outside the Wateria Retail Store, except with Company's prior written consent.

(b) Franchisee shall offer for sale all of the products and services expressly approved for sale by Company in writing, and only those products and services, and not offer for sale, or sell, directly or indirectly in conjunction with the Wateria Marks, any other products or services. Franchisee shall label and identify all products offered for sale by the same name or designation given to them by Company.

(c) Franchisee shall maintain at all times a sufficient supply of, among others, products, supplies, parts, and goods, in order to meet customer demand.

(d) Franchisee shall, at its own expense, immediately correct any unhealthy, unsanitary or unclean condition at Franchisee's Wateria Retail Store immediately after being notified either orally or in writing of its existence by Company or any local and/or national Health Department. The term "Health Department" includes all governmental units, however designated, which address the health, safety, sanitation, physical access, environment, or activities conducted

at the Wateria Retail Store which concern or affect the welfare of employees or customers of the Wateria Retail Store. At times, without Franchisee's consent, Company has the option to correct the cited condition in which case, Franchisee agrees to fully reimburse Company for all of the fees and cost incurred in connection therewith.

(e) Franchisee shall not, directly or indirectly, maintain a World Wide Web site or other presence on the World Wide Web using the Proprietary Marks, or advertise on the World Wide Web or on any other type of public computer network.

(f) At Franchisee's expense, Franchisee shall maintain an electronic communications system meeting Company's minimum requirement for purposes of transmitting to Company, electronically, financial reports, sales data, and other operating information which Company requires, enables the Parties to engage in electronic communication, and allows Company to have continuous on-line remote access to Franchisee's point-of-sale system, including sales data.

(g) Franchisee shall respond promptly to customer complaints and shall continue such response until the matter is fully resolved to the reasonable satisfaction of the Customer and Company.

(h) Franchisee shall respond to each and all communications from Company that request a response. Failure to do so constitutes good cause for termination of this Agreement.

7.3. Staffing. Franchisee shall employ a sufficient number of qualified employees and ensure that they are sufficiently trained on all aspects of Wateria Retail Store operations. Franchisee is solely responsible for hiring, managing, terminating, and establishing employment policies for employees that are compliant with federal, state, and local labor and employment laws. Franchisee acknowledges that this Agreement does not impose any controls, or otherwise impinge, on Franchisee's discretion to make all employment-related decisions. Franchisee further acknowledges that Franchisee's employees are not Company's employees, contractors or agents and Company shall not be construed nor deemed a joint and/or mutual employer of Franchisee's employees, contractors and/or agents.

(a) Franchisee agrees to fully indemnify Company and its affiliates from any and all alleged claims and/or violations asserted by both individual(s), business and governmental entities relating to this section.

7.4. Repairs and Maintenance, Renovation.

(a) Franchisee shall, at its own expense, repair and maintain the interior and exterior of its Wateria Retail Store, including the Water Purification Machine, in the highest degree of cleanliness, orderliness, and repair in conformity with the standards, specifications, and requirements of the Wateria System, and as Company may from time to time direct unless exceptions apply.

(i) Franchisee shall promptly replace any item which becomes damaged, impaired and/or worn to the extent that it no longer adequately performs the functions for which it was originally intended.

(ii) All replacement items shall be of the same type, model and quality then specified in the Manual at the time replacement is required and subject to Company's approval.

(iii) While Franchisee's failure to repair or maintain its property or correct any unauthorized variance from the requirements of the Wateria System constitutes a material default, Company may, without waiving its right to terminate this Agreement for such reason, repair or correct the cited and non-cited non-conformance. To the extent Company elects to perform required repair or maintenance work, Franchisee shall pay any and all expense incurred.

(iv) Additionally, Franchisee shall, at its own expense, within three (3) months following written notice from Company, renovate, remodel, replace and otherwise conform its Wateria Retail Store to changes and modifications implemented and prescribed by Company, from time to time, in the physical appearance and design standards of Wateria Retail Stores. These may include, but are not limited to: structural modification, changes in interior and exterior design, decoration, and appearance. Franchisee shall be required to make these changes upon notice by the Company at least once during the original Term, and as a condition of the exercise of the Renewal Option or any transfer. Company reserves absolute discretion to determine whether a particular renovation, remodeling and/or replacement is needed at any given point in time.

7.5. Advertising

(a) Franchisee shall not disseminate, transmit, broadcast, or publish any advertisement using the Wateria Marks or promoting Franchisee's Wateria Retail Store without first obtaining Company's written approval of the copy and proposed media or method of distribution of such advertisement.

The term "advertisement" is used in its broadest sense to include, without limitation: (i) any written or printed communication or any communication by means of an email writing, television, radio, website, YouTube or similar communication media, (ii) any promotional items or promotional or publicity event, or (iii) the use of any of the Wateria Marks on displays, signs, merchandise or other tangible personal property.

(b) To apply for Company's approval, Franchisee shall submit a true and correct copy, sample, or transcript of the proposed advertisement in writing.

7.6. Compliance with Laws. Franchisee shall operate its Wateria Retail Store in strict compliance with all applicable laws, ordinances, and regulations, including, but not limited to, those relating to health and sanitation, packaging, and labeling of water products; workers' compensation; unemployment insurance; withholding and payment of Federal and State income taxes and social security taxes; privacy laws; collection and reporting of sales taxes; and the American with Disabilities Act ("ADA"). Franchisee shall secure and maintain in good standing

all necessary licenses, permits, deposits and certificates required to operate, and shall provide Company with proof of compliance promptly following Company's request.

7.7. Credit Cards. Franchisee shall honor all credit cards including, but not limited to, VISA, Mastercard, Amex, by Company and enter into all necessary credit card agreements with these issuers and pay all fees and costs incurred therewith.

7.8. Records Retention & Sharing. Franchisee shall submit to Company all customer complaints and notices and communications received from any governmental entities including national and/or local Health Departments.

7.9. Business Operating Hours. Franchisee shall operate its Wateria Retail Store on all of the regular business days including the holidays unless Company's prior written approval of different days or hours has been obtained. Specifically, Franchisee shall open and conduct business from 9:00 a.m. to 8:00 p.m., seven (7) days a week except for the following holidays: New Year's Day, Easter Sunday, Thanksgiving Day, and Christmas Day unless instructed otherwise by us.

7.10. Insurance. Franchisee shall procure before the opening of its Wateria Retail Store, at its expense, and maintain in full force and effect during the term of this Agreement, policies of insurance in accordance with the following terms and conditions.

(a) Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles, and completed operations and property damage on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, or such higher amount as may be required by the master lease of the Franchise Location, insuring Company and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or otherwise relating to Franchisee's Wateria Retail Store or the activities of Franchisee's employees. The required liability coverage shall not be limited in any way by reason of any insurance which Company may maintain. Company shall be named an additional insured on each such policy.

(i) Workers' compensation insurance as required by applicable law.

(ii) General casualty insurance, including fire and extended coverage, vandalism, and malicious mischief insurance for the full replacement value of the Wateria Retail Store and its contents, based on the cost of replacing the damaged or destroyed property with property meeting Company's then current specifications at the time replacement is required.

(iii) In connection with any construction, renovation or remodeling work performed by Franchisee, Franchisee shall maintain Builder's All Risk insurance covering the completed value of the construction, and performance and completion bonds in form and amounts acceptable to Company.

(iv) Data theft and cybersecurity coverage in form and amounts acceptable to Company.

(v) Employment practices liability insurance with a co-defendant endorsement in Company's favor.

(vi) Company may from time to time increase the minimum insurance requirements, establish, and change deductible limits, require Franchisee to procure and maintain additional forms of insurance, and otherwise modify the requirements set forth in this section based upon inflation, Company's experience with claims, or other commercially reasonable reasons. Franchisee shall comply with any change imposed by Company upon written notice from Company setting forth the required change, and shall submit written proof of compliance to Company upon request.

(vii) Each insurance policy required by this Agreement shall be written by insurance companies that are recognized nationally, carrying a grade of A or better from S&P or Moody's. Prior to the date equipment is installed in the Franchise Location, or by the date specified in the master lease, if earlier, Franchisee shall submit to Company certificates of insurance showing compliance with Company's insurance requirements.

(viii) Franchisee shall cause each policy of insurance required by this Agreement to include a waiver of subrogation, which shall provide that Franchisee and Company each releases and relieves the other, and each waives its entire right to recover damages, in contract, tort and otherwise, against the other for any loss or damage occurring to Franchisee's property arising out of or resulting from any of the perils required to be insured against under this section. The effect of such releases and waivers by Company and Franchisee shall not be limited by the amount of insurance carried by Franchisee or required by this Agreement or by any deductible applicable thereto.

(ix) Should Franchisee not procure or maintain the insurance coverages required by this Agreement, Company may, without waiving its right to declare a breach of this Agreement based on Franchisee's default, procure such insurance coverage at Franchisee's expense, although Company has no obligation to do so. The cost of obtaining such insurance shall be payable in full upon receipt of demand.

7.11. Confidential Information

(a) "Confidential Information" includes, but is not limited to, any information of knowledge concerning processes; methods, specifications, customer data, pricing and cost data, procedures, information systems and knowledge in the operation of Wateria Retail Stores; the methods for constructing, and operating a Wateria Retail Store; knowledge of pricing, sales and profit performance at Wateria Retail Stores; information provided in the Manual and/or training materials; knowledge of sources and suppliers of goods, services, equipment, fixtures, furnishings and other items used in operating Wateria Retail Stores whether it is now known or exists or hereinafter is acquired.

(b) Company will disclose Confidential Information to Franchisee by furnishing Franchisee with the Manual, information provided in the Manual and/or training materials, and otherwise through the performance of Company's obligations and the exercise of its rights under this Agreement. Franchisee shall acquire no ownership nor beneficial interest in the Confidential Information unless otherwise specified in this Agreement.

(c) Franchisee's unauthorized use, publication or duplication of the Confidential Information constitutes grounds for termination of this Agreement. Franchisee agrees to: (i) safeguard the Confidential Information, (ii) confine disclosure of the Confidential Information to those of its employees and agents, and (iii) implement procedures to prevent the unauthorized use, publication or disclosure of the Confidential Information including, without limitation, requiring that employees who have access to Company's Confidential Information enter into a confidentiality agreement.

All agreements contained in this Agreement pertaining to the Confidential Information shall survive the expiration, termination, or Franchisee's assignment of this Agreement.

7.12. Agreements Regarding Competition: In-Term

(a) This section applies to the activities of each Covered Person defined hereinbelow anywhere in the world throughout the Term and any Renewal Term of this Agreement; provided, however, in no event shall the restrictions stated in this section apply to any Covered Person after two (2) years from the date the Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee.

(b) "Covered Person" shall refer to (i) the individual executing this Agreement as Franchisee, if Franchisee is a natural person; (ii) each officer, director and shareholder of a Franchisee that is a profit corporation; (iii) each member and manager of a Franchisee that is a Limited Liability Company; (iv) each trustee and person who owns any interest in the equity or voting interests of a Franchisee that is another form of entity; (v) each general partner of a Franchisee that is a partnership; and (vi) each member of Franchisee's or any of the foregoing individual's immediate family.

(c) During the time period, and within the geographic area, described in this section, it shall be a breach of this Agreement for any Covered Person, directly or indirectly, to own, engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any retail water store which predominantly sells purified, alkaline and oxygenated water.

(d) Within the geographic area described in this section, it shall be a breach of this Agreement for any Covered Person to use, in any manner whatsoever, the Wateria Marks, Confidential Information, or any other materials, methods, procedures or techniques associated with the Wateria System; engage in any conduct or activity not related to the franchise and license granted to Franchisee or suggest or imply that Company is associated with, or authorizes, such

other activity; induce any other person to engage in conduct proscribed in this section; or divert customers away from any Wateria Retail Store.

7.13. Agreements Regarding Competition: Post-Term

(a) This section applies to each Covered Person throughout the two (2) years following the expiration or termination of this Agreement for any reason provided, however, in no event shall the restrictions stated in this section continue to apply to any Covered Person after two (2) years from the date the Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated with Franchisee.

(b) This section applies to each Covered Person's activities conducted anywhere within a radius of twenty-five (25) miles from: (i) the Franchise Location, and (ii) any other Wateria Retail Store (regardless of whether the Wateria Retail Store opens before or after the Effective Date, or is opened by another franchisee or Company).

(c) During the time period, and within the geographic area, described in this Agreement, it shall be a breach of this Agreement for any Covered Person, directly or indirectly, to own, engage in or render any services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any retail water store which predominantly sells purified, alkaline and oxygenated water.

(d) Within the geographic area described in this section, it shall be a breach of this Agreement for any Covered Person to use, in any manner whatsoever, the Wateria Marks, Confidential Information, or any other materials, methods, procedures or techniques associated with the Wateria System; engage in any conduct or activity which suggests or implies that Company is associated with, or authorizes, such activities; induce any other person to engage in conduct proscribed in this section; or divert customers away from any Wateria Retail Store.

7.14. Additional Agreements Regarding Competition

(a) Franchisee agrees to cause each Covered Person to execute Company's form of Confidentiality Agreement containing restrictions regarding competition that is specified in this Agreement.

(b) Franchisee acknowledges that Company will suffer irreparable injury not capable of precise measurement in monetary damages if its Confidential Information and/or other proprietary information of the Wateria System is obtained by any person, firm or corporation and is used in competition with Company or a Wateria Retail Store franchisee, or if Franchisee or any Covered Person breaches the covenants set forth in this Agreement. Accordingly, in the event of a breach of this Agreement by Franchisee or any Covered Person, Franchisee consents to entry of a temporary restraining order or other injunctive relief as well as to any other equitable relief which may be granted by a court having proper jurisdiction. Franchisee further agrees that the award of equitable remedies to Company in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Company.

8. FEES PAYABLE TO COMPANY

8.1. Initial Franchise Fee. In consideration of the franchise and license granted herein, Franchisee shall pay Company, as an Initial Franchise Fee (the "Initial Franchise Fee"), the sum of $30,000.00. The Initial Franchise Fee is fully earned when paid, and no portion is refundable.

8.2. Grand Opening Fee. At least sixty (60) days prior to the opening of a Wateria Retail Store, Franchisee must submit a Grand Opening Marketing Plan to Company outlining Franchisee's proposal for grand opening advertising of the Wateria Retail Store. Franchisee must obtain Company's consent to the Grand Opening Marketing Plan before Franchisee begins to implement it. Franchisee further agrees that the Grand Opening Marketing Plan is performed and/or executed only by and through an outside marketing/advertising agency who is designated by the Company. After Company consents to the Grand Opening Marketing Plan, Franchisee cannot make any substantial changes to the Grand Opening Marketing Plan without Company's advance written consent. Franchisee must, during the period beginning sixty (60) days before the scheduled opening of the Wateria Retail Store and continuing until sixty (60) days after the Wateria Retail Store first opens for business, spend at least $3,000.00 to conduct grand opening advertising under the Grand Opening Plan Fee.

8.3. Royalty Fee. Franchisee shall pay to Company, without offset, credit or deduction of any nature, a Royalty Fee equals to 2 cents per gallon of purified water sold. Additionally, Franchisee shall pay to Company, without offset, credit or deduction of any nature, a Royalty Fee equals to 35% of the gross sales up to and including 2,000 Gallons of Alkaline Water Sold; 30% of the gross sales from 2,001 to 3,000 Gallons of Alkaline Water Sold; 27.5% of the gross sales from 3,001 to 4,500 Gallons of Alkaline Water Sold; 25% of the gross sales for 4,501 or above Gallons of Alkaline Water Sold (collectively the "Royalty Fee"). The Royalty Fee is due and payable each 15th of the month based upon the Gross Sales of Franchisee from your Wateria Retail Store. Franchisee shall pay the Royalty Fee by automatic bank debit or by such other method, as Company may from time to time direct every 15th of the month. Franchisee shall execute the attached ACH Authorization form and designate a business bank account held at a national or state-chartered bank authorizing Franchisor to withdraw royalty and other fees on a regular basis. **Exhibit "D"**

8.3(a) Other Fees-Equipment Lease Fee. Franchisee shall pay to Company, without offset, credit or deduction of any nature, a Royalty Fee equals to 5 cents per gallon of purified water sold unless the gallons sold in a month exceed 20,000, then the Equipment Lease Fee is reduced from 5 cents per gallon of water sold to 3 cents per gallon of water sold. Additionally, Franchisee shall pay to Company other fees when due and when needed. They are, among others, Maintenance Fee for Water Treatment Machine (except first five (5) years if Daily Machine Log is submitted and if Franchisee does not grossly misuse the Water Treatment Machine), Remodeling, Delivery Fee, Audit & Inspection Cost, Travel and Labor Fee, Water Treatment Installation Fee, Alkaline Machine /Reserve Tank Installation Fee, Oxygenated Machine Installation Fee, Renewal Fee, Transfer and Website Fee-See Item 6 Other Fees in Franchise Disclosure Document. The Equipment Lease Fee is due and payable each 15th of the month based upon the Gross Sales of Franchisee from your Wateria Retail Store. Some other fees are due every 15th of the month unless designated differently by the Franchisor. Franchisee shall pay the Equipment Lease Fee by

automatic bank debit or by such other method, as Company may from time to time direct. Franchisee shall execute the attached ACH Authorization form and designate a business bank account held at a national or state-chartered bank authorizing Franchisor to withdraw equipment lease fee and other fees on a regular basis. **Exhibit "D"**

8.4. Gross Sales Defined. "Gross Sales" refer to the total of all sales made by Franchisee at or from the Franchise Location or otherwise pursuant to this Agreement, including, but not limited to, the retail value of all water and other merchandise of any kind sold.

8.5. Marketing Fee; Cooperative Marketing Fee.

(a) Franchisee shall pay to Company a minimum monthly Marketing Fee of 2% of the total Gross Sales of the Wateria Retail Store (the "Marketing Fee"). The Marketing Fee shall be due and payable weekly, together with the Royalty Fee, by check or by such other method, including automatic bank debit, as Company from time to time may direct.

8.6. Late Payment. If Franchisee fails to pay any amount to Company by the date payment is due, Franchisee shall pay (i) a late charge equal to 5% of the amount of the payment due, and (ii) interest on the amount unpaid at the rate of 5% per annum from the date payment was due until the entire sum, late charge and accrued interest is paid in full. Franchisee acknowledges that Franchisee's failure to pay all amounts when due is grounds for termination of this Agreement.

8.7. Gross Receipts or Equivalent Taxes. Franchisee shall pay to Company the amount of any State or local sales, use, gross receipts, or similar tax that Company may be required to pay on payments which Franchisee makes to Company under this Agreement, regardless of whether the State or local tax is imposed directly on Company, is required to be withheld by Franchisee from amounts due to Company under this Agreement, or is otherwise required to be collected by Franchisee from Company.

8.8. Dishonored Item Fee. If any check, ACH debit, electronic funds transfer, credit or wire transfer or other form of payment from Franchisee to Company is dishonored, rejected or for any reason not completed, whether due to insufficient funds, discrepancy in the instrument or instructions, or other reason, then Franchisee shall immediately reimburse any charge that Company's financial institution imposes on Company.

9. BUSINESS RECORDS, ACCOUNTING & AUDIT.

9.1. Maintenance of Business Records. Franchisee shall maintain during the term of this Agreement, complete and accurate business records. Such business records shall be retained by Franchisee for a period of five (5) years during and following, the expiration, termination or Franchisee's assignment of this Agreement.

(a) Franchisee shall submit to Company, among others, periodic reports of Gross Sales, Net Sales and such additional information required by Company.

(b) Franchisee shall furnish to Company, on or before the 5th day of each calendar month, a monthly profit and loss statement and balance sheet, providing information for the preceding calendar month and cumulative information for the calendar quarter and year-to-date. Additionally, Franchisee shall submit to Company within ninety (90) days after the end of Franchisee's fiscal year, or if none, the end of each calendar year, during the Term and any Renewal Term, a profit and loss statement for each Wateria Retail Store owned by Franchisee and a balance sheet as of the last day of such year.

(c) When requested by Company, all reports submitted to Company pursuant to this Agreement shall be executed by Franchisee or a duly authorized representative of Franchisee, certifying that the information is true and correct and that no material fact has been omitted.

9.2. Recording of Transactions. Franchisee shall record sales of any kind. Franchisee shall exploit a computer terminal or any similar terminal or device, and such other business machine and/or equipment required by Company, and purchase, install and use specified non-proprietary and proprietary software programs, at Franchisee's sole expense, to accurately record all business activities, sales, and inventories, and to prepare operating reports in accordance with Company's uniform standards.

9.3. Audit Rights.

(a) Company and its representatives shall have full access to inspect Franchisee's business records relating to the franchise and activities of Franchisee's Wateria Retail Store. Such business records shall include, without limitation, Franchisee's federal and state income tax returns and sales tax returns, bank statements, cancelled checks, data stored on Franchisee's computer terminal whether located onsite or offsite, and such other documents and information as Company may in its sole discretion request in order to verify financial information including, but not limited to, Gross Sales reported to Company.

(b) Company or its representatives may access Franchisee's business records stored on Franchisee's computer terminal or at an offsite cloud-based storage at any time, without notice, by remote electronic means. Additionally, Company or its representatives may, at any reasonable time, physically inspect, examine, and copy Franchisee's business records. Company may, at its expense, have an independent audit made of Franchisee's business records, at any reasonable time.

(c) If any inspection or audit conducted by Company reveal an understatement in the amount of Gross Sales reported by Franchisee to Company, then Franchisee shall within ten (10) days after notice from Company to pay to Company any additional Royalty Fees and Marketing Fees which are owed, together with late charges and interest as provided in this Agreement.

(d) In addition to the other consequences identified in this section, Company shall have the right to terminate this Agreement if any audit discloses an understatement of actual Gross Sales.

10. DEFAULT AND TERMINATION

10.1. Termination by Franchisee. Franchisee may terminate this Agreement (i) any time prior to the date Company approves the Franchise Location; or (ii) otherwise for reasons constituting good cause. Good cause requires that Franchisee must not be in default of any obligation under this Agreement and that Company has committed a material and substantial breach of this Agreement. In order to terminate this Agreement based upon Company's material and substantial breach, Franchisee must serve Company with written notice of default specifying with particularity the matters cited to be in default, and provide Company with a minimum of a thirty (30) days period to respond to the Franchisee's allegations. Any attempt by Franchisee to terminate this Agreement except on the grounds stated in this Agreement shall be void. In the event of termination by Franchisee for good cause or as otherwise permitted by this Agreement, Franchisee is not entitled to a refund of any portion of the Initial Franchise Fee or of any other monies paid to Company.

10.2. Termination by Company without Opportunity to Cure. Company may terminate this Agreement, in its sole discretion and election, should any one or more of the following event(s) occur, and Franchisee shall have no opportunity to cure a default based on any of the following events:

(a) Should the Parties not agree on the Franchise Location.

(b) Should Franchisee fail to satisfy the conditions for opening within the time period set forth in this Agreement.

(c) Should Franchisee fail or refuse to pay, on or before the date payment is due, any fees or other amounts payable to Company, or any third-party vendor and/or supplier.

(d) Should Franchisee fail to respond to Company's communications, and such default continues without any justification.

(e) Should Franchisee fail to refuse to submit any report or financial statement on or before the date due, and should such default continue.

(f) Should Franchisee lose the right to possession of the Franchise Location due to Franchisee's breach of the commercial lease.

(g) Should Franchisee fail to perform under any other terms and/or conditions in the Agreement, which, by its term(s), cannot be cured or which Franchisee has failed to cure.

(h) Should Franchisee make any general assignment for the benefit of creditors or become a "debtor" as defined in 11 U.S.C. §101 or any successor statute.

(i) Should Franchisee, or any duly authorized representative of Franchisee, make a material misrepresentation or omission in obtaining the franchise rights granted hereunder, or should Franchisee or any officer, director, shareholder, member, manager, or general partner of

Franchisee be convicted of or plead no contest to a felony charge or engage in any conduct or practice that, in the reasonable opinion of Company, reflects unfavorably upon or is detrimental or harmful to the good name, goodwill or reputation of Company or to the business, reputation or goodwill of the Wateria System or the Wateria Marks.

(j) Should Franchisee fail to comply with the conditions governing the transfer of rights under this Agreement.

(k) Should an order be made or resolution passed for the winding-up or the liquidation of Franchisee (if a corporation, Limited Liability Company, partnership or other entity) or should Franchisee adopt or take any action for its dissolution or liquidation.

(l) Should Franchisee have received from Company notice(s) of default.

(m) Should Franchisee make any unauthorized use, publication, duplication, or disclosure of any Confidential Information.

(n) Should Franchisee abandon or fail or refuse to actively operate its Wateria Retail Store for any consecutive three (3) days period, unless Franchisee obtains Company's written consent to a closure before Franchisee ceases regular activities whether good cause exists or not.

(o) Should Franchisee materially misuse or make an unauthorized use of any of the Wateria Marks or commit any other act which does, or can reasonably be expected to, materially impair the goodwill or reputation associated with any of the Wateria Marks or the Wateria System.

(p) Should an audit of Franchisee's business records disclose an understatement of actual Gross Sales, or should Franchisee be conclusively presumed to have intentionally underreported actual Gross Sales as provided in this Agreement.

(q) Should Franchisee fail to correct any unhealthy, unsanitary or unclean condition at Franchisee's Wateria Retail Store within 24 hours after being notified either orally or in writing of its existence by Company or any Health Department, or fail to comply with any other violation of federal, state or local law immediately after notification of non-compliance.

(r) Any act of dishonesty or material misrepresentation by Franchisee to or against Company, suppliers, or any government agency, which in the opinion of Company is injurious to the Wateria System and Wateria Marks.

10.3. Termination by Company with Right to Cure. Should Franchisee breach, or refuse to fulfill or perform, any obligation arising under this Agreement not articulated in Section 10.2, or fail or refuse to adhere to any mandatory operating procedures, specification or standard prescribed by Company in the Manual or otherwise communicated to Franchisee, Company may terminate this Agreement, in its sole discretion and election, effective at the close of business thirty (30) days after giving written notice of default cited in the notice. If a default cannot reasonably be cured within thirty (30) days, Franchisee may apply to Company for additional time to complete the cure. The length of the additional cure period, if any, allowed by Company shall be stated in

writing signed by Company. If Franchisee does not complete the required cure within the cure period allowed, termination of this Agreement shall be effective at the close of business on the last day of the cure period without further notice from Company.

10.4. Effect of Termination. In any proceeding in which the validity of termination of this Agreement is at issue, Company shall not be limited to the reasons set forth in any notice of default delivered to Franchisee.

10.5. Right to Step In and Operate Wateria Retail Store.

(a) Prior to Termination. If Company determines that operation of the Wateria Retail Store may be in jeopardy or if a default or breach occurs, then in addition to all of Company's other rights and remedies, Company shall have the right, but no obligation, to enter into and operate the Wateria Retail Store for as long as Company believes necessary or practical. Any decision by Company to do so shall be deemed to be an accommodation to assist Franchisee. Company makes no representation or warranty regarding its ability to operate the Wateria Retail Store profitably, and Company shall not be responsible for results of operation. Franchisee shall reimburse all of Company's expenses incurred to operate the Wateria Retail Store pursuant to this section, including but not limited to travel, lodging, meals, and personnel compensation; and shall pay Company, in addition to all other amounts provided for in this Agreement, a management fee equal to $800.00 per day for the period of operation by Company. Company shall have the right to increase this daily rate effective on delivery of written notice to Franchisee. Company shall have the right to cause itself to be paid and reimbursed any or all these amounts from revenues of the Wateria Retail Store, as well as all other amounts required to be paid under this Agreement.

(b) Post Termination. Company shall have the right, but no obligation, at any time after termination of this Agreement, to enter into, and operate the Wateria Retail Store. Company shall also have the right to communicate directly with Franchisee's landlord and obtain the assignment of the Lease pursuant to the terms of the Addendum to Lease. Franchisee shall not be entitled to any compensation from the Wateria Retail Store's operation after termination of this Agreement. Alternatively, and in lieu of continued operation of the Wateria Retail Store, Company shall have the right to step in and de-identify the Wateria Retail Store if Franchisee fails to do so.

11. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OF TERMINATION

11.1. Franchisee's Obligation. Upon Effective Date of Termination, Franchisee must do the following:

(a) Immediately following the Effective Date of Termination or Expiration of this Agreement, Franchisee shall pay all fees and other amounts owed to Company, and to any third party, including, without limitation, late charges, and interest on any late payments. Royalty Fees and Marketing Fees shall continue to be due and payable after the Effective Date of Termination or Expiration of this Agreement until the date that Franchisee completes all post-termination obligations required by this Agreement. Additionally, if the termination is based upon Franchisee's default, Franchisee shall pay to Company all damages, costs and expenses, and reasonable attorneys' fees, incurred by Company in enforcing such default and termination.

(b) Franchisee shall cease using and return to Company the Manual and all documents, and all other confidential or proprietary materials provided to Franchisee pursuant to this Agreement, and shall retain no copy or record of any of the foregoing. Continued use by Franchisee of any copyrighted material shall constitute willful copyright infringement by Franchisee.

(c) With respect to the Franchise Location:

(i) If Franchisee subleases the Franchise Location from Company, then in accordance with the terms of the Sublease, termination of the Sublease shall occur concurrently on the Effective Date of Termination or Expiration of this Agreement. Franchisee shall vacate the Franchise Location and surrender possession to Company in accordance with the terms of the Sublease on or as soon after the Effective Date of Termination or Expiration of this Agreement as Company is able to send its employees or representatives to assume day-to-day operations of the Wateria Retail Store.

(ii) If Franchisee leases the Franchise Location directly from the third-party landlord, Company shall have the right to accept an assignment of the Lease in accordance with the provisions of the Addendum to Lease, in which case, upon notice from Company, Franchisee shall forthwith vacate the Franchise Location, leaving it in good condition and repair with all equipment in good working order. If Company elects not to accept the assignment of the Lease, Franchisee shall modify the physical design and appearance of the Franchise Location, including removing signs and other distinctive physical and structural features identifying the retail store which belong to the Company in a manner acceptable to Company so that the former Franchise Location no longer suggests or indicates a connection with the Wateria System. Such modifications must be completed within ten (10) days after Franchisee receives Company's notice given pursuant to this section;

(d) Franchisee shall execute and deliver a general release, in form satisfactory to Company, of any and all claims relating to this Agreement against Company and its officers, directors, shareholders, employees and agents.

(e) Franchisee shall permanently cease using, in any manner whatsoever, the Wateria Marks, all Confidential Information, all Required Goods/Services, and any other materials, signs, or distinctive features or designs associated with the Wateria System or which suggest or indicate that Franchisee is or was an authorized Wateria Retail Store franchisee or continues to remain associated with the Wateria System. Franchisee shall cancel all advertising and promotional activities which associate Franchisee with the Wateria System. Continued use by Franchisee of any of the Wateria Marks shall constitute willful trademark infringement by Franchisee.

(f) Franchisee shall take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to its use of the Wateria Marks.

(g) Franchisee shall cease using all telephone numbers and listings used in operating its Wateria Retail Store, and, if Company directs, either assign such numbers or listings to Company or disconnect such numbers. Franchisee shall furnish Company with evidence satisfactory to Company of compliance with this obligation within ten (10) days after the Effective Date of Termination or Expiration of this Agreement.

(h) Franchisee shall comply with the provisions of this Agreement regarding non-competition and maintaining the confidentiality of Confidential Information.

(i) Franchisee shall keep and maintain all business records pertaining to its Wateria Retail Store for five (5) years after the Effective Date of Termination or Expiration of this Agreement. During this period, Franchisee shall permit Company to inspect such business records as frequently as Company deems necessary.

11.2. Effective Date of Termination. For purposes of this Agreement, the Effective Date of Termination is the date Franchisee receives notice of a default, or (ii) the last day of the permitted cure period for a default described herein. The Effective Date of Expiration of this Agreement is the last day of the Term.

11.3. Company's Right to Purchase Assets

(a) On termination or expiration of this Agreement, Company shall have the right, but not the obligation, to purchase all, or any, of the physical assets of Franchisee's Wateria Retail Store at Franchisee's original cost less depreciation or market value of those assets, whichever is lesser.

(b) Company may exercise this option by giving Franchisee written notice within ten (10) days after the Effective Date of Termination or Expiration of this Agreement, specifying in such notice the assets it may purchase. Within ten (10) days following receipt of Company's notice, Franchisee shall furnish Company with documentation substantiating its original cost of each item identified by Company.

(c) Within ten (10) days following receipt of documentation, Company shall notify Franchisee of the particular assets it will purchase, and within five (5) days after giving such notice, Company shall pay Franchisee the purchase price, less permitted set offs, and Franchisee shall deliver such assets to Company. Company shall have the absolute right to set off from the purchase price of assets all amounts then due and owing from Franchisee to it under this Agreement.

11.4. Survival of Obligation. All obligations of the Parties that expressly, or by their nature, survive the Effective Date of Termination or Expiration of this Agreement shall continue in full force and effect subsequent to such Effective Date of Termination or Expiration of this Agreement until they are satisfied in full. Franchisee remains fully liable for any and all obligations of its Wateria Retail Store, whether incurred before, or following, the Effective Date of Termination or Expiration of this Agreement, including, without limitation, obligations arising under this Agreement, or under any other agreement between Franchisee and Company relating to the

Wateria Retail Store, and all obligations owed to third parties including, without limitation, obligations for goods and supplies, salaries to employees, and taxes.

11.5. Third Party Rights; Available Remedies. No person acting for the benefit of Franchisee's creditors or any receiver, trustee in bankruptcy, sheriff or any other officer of a court or other person in possession of Franchisee's assets or business shall have the right to assume Franchisee's obligations under this Agreement without Company's prior consent. Company's right to terminate this Agreement shall not be its exclusive remedy in the event of Franchisee's default, and Company shall be entitled, in its sole discretion and election, alternatively or cumulatively, to affirm this Agreement in the event of Franchisee's default and obtain damages arising out of such breach, injunctive relief to compel Franchisee to perform its obligations under this Agreement and/or to prevent Franchisee from breaching this Agreement, and any other remedy available under applicable law.

12. ASSIGNMENT AND TRANSFER

12.1. Assignment by Company. This Agreement shall inure to the benefit of Company's successors and assigns. Company is free to assign all of its rights under this Agreement to any person or entity, provided the assignee agrees in writing to assume Company's obligations. Upon such assignment and assumption, Company shall have no further obligation to Franchisee.

12.2. Assignment by Franchisee: Franchisee acknowledges that the franchise rights granted to it are personal, and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, business ability and financial condition and capacity of Franchisee and, if Franchisee is a corporation, Limited Liability Company or other entity, that of its officers, directors, shareholders, managers, members, trustees or owners. Accordingly, Franchisee agrees that Franchisee has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with directly or indirectly: (i) any interest in this Agreement, (ii) the right to use the Wateria System or the Wateria Marks granted pursuant to this Agreement, or (iii) all or a significant portion of the other assets of its Wateria Retail Store or its leasehold rights, unless Franchisee obtains Company's prior written consent, which shall not unreasonably be withheld and shall be subject to the further conditions stated in this section. The foregoing restrictions include, without limitation, transfers due to consolidation or merger, issuance of additional securities representing an interest in the equity or voting interests of Franchisee, an order of dissolution of marriage, death of Franchisee or of the person owning a Controlling Interest (defined below) in the equity or voting interests of Franchisee, creation of a trust, or otherwise, all of which are considered interchangeable events of transfer for purposes of this Agreement. Further, Company, among others, will factor in the following factors in evaluating Franchisees' request to assign: qualifications of transferee; reasonable sales price; payment of amounts due; no default on any agreement with us; no default beyond the applicable cure period on any commercial lease; transfer fee paid; agreements signed; and execution of guarantee under the terms of which you will remain liable for all obligations to us incurred before the transfer date and for one year following the transfer.

(a) If Franchisee is a corporation, Limited Liability Company, partnership or other entity, then the sale, assignment, transfer, pledge, donation, encumbrance or other alienation of (i)

more than a 25% interest in the outstanding securities of a Publicly Held Entity, (ii) securities of Franchisee offered pursuant to a transaction which is subject to registration under federal or state securities laws or is offered as a private offering pursuant to a written private placement memorandum of any kind, or (iii) a Controlling Interest in the equity or voting interests of Franchisee which is not a Publicly Held Entity, shall also constitute an assignment, shall not be attempted or consummated unless Franchisee obtains Company's prior written consent, which shall not unreasonably be withheld and shall be subject to the further conditions stated in this section. For purposes of this Agreement, Franchisee is a "Publicly Held Entity" if Franchisee is registered to sell its securities under the Securities Exchange Act of 1934.

(b) "Controlling Interest" means the possession, directly or indirectly, of power to direct, or cause a change in the direction of, the management and policies of Franchisee. A "Controlling Interest" shall be presumed to be transferred if a transfer, either alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring, in the aggregate, more than 25% of the equity or voting interests in a Franchisee which is a corporation, Limited Liability Company, partnership or other entity; and

(c) Any attempted or purported assignment or transfer which fails to comply with the requirements of this Agreement shall be null and void and shall constitute a default under this Agreement.

12.3. Entity Franchisee. If Franchisee is a corporation, Limited Liability Company, partnership, or other entity, it shall furnish to Company, on execution of this Agreement or at such other time as transfer to the entity is permitted, a copy of its articles of incorporation, by-laws, operating agreement, partnership agreement or other governing agreement, as appropriate, and a list of all persons owning an interest in the equity or voting interests of the entity. Additionally, Franchisee shall provide Company, at least thirty (30) days prior to the adoption thereof, a copy of any proposed amendment to, or change in, such information during the term of this Agreement. Franchisee shall not adopt any such amendment or change that Company objects to. Franchisee shall, immediately on adoption, provide Company a copy of the final version of any amendment or change, and the instrument by which such amendment or change was adopted.

(a) During the Term, each person who now or later owns or acquires, either legally or beneficially, 25% or more of the equity or voting interests of Franchisee must execute Company's form of personal guaranty attached hereto as **Exhibit "D."**

12.4. Death or Incapacity

(a) In the event of the death or incapacity of Franchisee, or any person owning a Controlling Interest in the equity or voting interests of Franchisee, the spouse, heirs or personal representative of the deceased or incapacitated person, or the remaining shareholders, members, partners or owners (collectively referred to as the "Successor") shall have one hundred and eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated person in the franchise or Franchisee, or (ii) complete the sale of assignment of

such interest to a qualified, approved third party, provided, in either case, the purchase or assignment complies with all of the terms and conditions for assignment stated in this Agreement.

(b) During the period that the Successor operates Franchisee's Wateria Retail Store, the Successor shall perform all of the obligations of Franchisee under this Agreement. At the end of the one hundred and eighty (180) days period, if the Successor has not purchased the franchise or obtained Company's consent to an assignment to a third party, Company may, at its election, terminate this Agreement.

(c) For purposes of this Agreement, the term "incapacity" means an inability due to medical reasons to devote full time and attention to the Wateria Retail Store as required by this Agreement based on the examination and findings of a licensed physician in good standing.

13. RELATIONSHIP OF PARTIES; INDEMNIFICATION

13.1. Independent Contractor. This Agreement does not create a fiduciary relationship between the Parties. With respect to all matters pertaining to Franchisee's Wateria Retail Store, Franchisee is an independent contractor. Nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Franchisee acknowledges that it is the independent owner of its Wateria Retail Store and is in full control thereof, and shall conduct such business in accordance with Franchisee's own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself by posting a sign in a conspicuous location, in all public records, letterhead and business forms, advertising and in all dealings with customers, suppliers and other third parties that the Wateria Retail Store is independently owned and operated.

13.2. No Liability of Company. Neither Company nor Franchisee shall be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized under this Agreement. Company shall not be obligated for any damages to any person or party directly or indirectly arising out of or relating to the operation of Franchisee's Wateria Retail Store.

13.3. Indemnification by Franchisee. Franchisee shall indemnify and hold Company and each of its officers, directors, shareholders, employees, agents, successors and assigns, harmless from and against any and all costs, expenses, losses, liabilities, damages, causes of action, claims and demands whatsoever, arising from or relating to the operation of Franchisee's Wateria Retail Store, whether or not arising from bodily injury, personal injury or property damage, or any other violation of the rights of others, or in any other way, including but not limited to, any liability arising from labor or employment law violations by Franchisee, claims by Franchisee's employees against Company and any and all acts and omissions of Franchisee and its employees. The foregoing indemnification shall extend, without limitation, to all claims and obligations arising from construction and development of the Wateria Retail Store and from the business conducted by Franchisee pursuant to this Agreement, actual and consequential damages, and Company's costs and expenses incurred in defending any third-party claim covered by this indemnification, including, without limitation, attorneys' fees, court costs, and travel and living expenses.

Company shall have the right to retain its own counsel to defend any third-party claim asserted against it which is covered by this indemnification agreement and later seek indemnification from the Franchisee. The provisions shall survive the expiration or termination of this Agreement for any reason.

14. PERSONAL GUARANTY

14.1. Personal Guaranty Form. If Franchisee is a corporation, Limited Liability Company or other entity, each person who owns or at any time during the Term acquires, either legally or beneficially, 25% or more of the equity or voting interests of Franchisee shall furnish any financial information reasonably required by Company and execute Company's form of personal guaranty attached to this Agreement as **Exhibit "C."** An event of default under this Agreement shall occur if any guarantor fails or refuses to deliver to Company, within ten (10) days after Company's written request: (i) evidence of the due execution of the personal guaranty, and current financial statements of guarantor as, may from time to time be requested by Company.

15. DISPUTE RESOLUTION

15.1 California law shall govern the construction, interpretation, validity, and enforcement of this Agreement. Any dispute arising from or relating to this Agreement shall be resolved by arbitration according to the Commercial Rules of Arbitration of American Arbitration Association. Arbitration shall be conducted by a single arbitrator. The arbitration shall be conducted in Los Angeles, California. The arbitrator shall have authority to award or include in the award any relief which the arbitrator deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from the due date), specific performance and injunctive relief. Discovery shall be permitted in the arbitration in accordance with California Code of Civil Procedure Section 1283.05 and 1283.1(b). Judgment on the award of the arbitrator may be entered in and enforced by any court of competent jurisdiction. This arbitration provision is self-executing and a properly noticed arbitration may proceed despite a Party's failure to appear or participate. This agreement to arbitrate shall continue in effect, subsequent to and regardless of expiration or termination of this Agreement.

16. ACKNOWLEDGMENTS.

Franchisee acknowledges and represents to Company, to induce Company to enter into this Agreement, that:

16.1. Acceptance of Conditions. Franchisee has read this Agreement and Company's Franchise Disclosure Document otherwise known as FDD and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Company's standards of service and quality and the uniformity of those standards at all Wateria Retail Stores, in order to protect and preserve the Wateria System and the goodwill of the Wateria Marks.

16.2. Independent Investigation. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the Wateria System may evolve and change over time; that an investment in this franchise involves business risks; and that the success of the investment depends on many variables including Franchisee's business acumen.

16.3. No Representations; Status of Franchisee

(a) No representations have been made by Company, or by its officers, directors, shareholders, employees, or agents, that are contrary to statements made in the FDD previously received by Franchisee or to the terms contained in this Agreement; and

(b) Franchisee or each person executing a guaranty of Franchisee's obligation, is a United States citizen or a lawful resident alien of the United States; if Franchisee is a corporation, Limited Liability Company, partnership or other entity, it shall remain duly organized and in good standing for as long as this Agreement is in effect and it owns the franchise rights; and all financial and other information provided to Company in connection with Franchisee's application is true and correct and no material information or fact has been omitted which is necessary in order to make the information disclosed not misleading.

17. GENERAL

17.1. Notices. All communications required or permitted to be given to either Party hereunder shall be in writing and shall be deemed duly given on the earlier of: (i) the date when delivered by hand; (ii) the date when delivered by fax, if confirmation of transmission is received or can be established by the sender; (iii) one business day after delivery to a reputable national overnight delivery service; or (iv) four business days after being placed in the United States Mail and sent by certified or registered mail, postage prepaid, return receipt requested. All notices shall be addressed to Franchisee at the following address: _____; and to Company at its headquarters at 13120 Barton Road., Whittier, CA 90605; (562) 906-1001 (Telephone). Either Party may change its address for receiving notices by appropriate written notice to the other. All payments and reports required to be delivered to Company shall be directed to Company at the above address. Notwithstanding the Parties' agreement regarding when notices shall be deemed to be given, any required payment or report not actually received by Company during regular business hours on the date it is due shall be deemed delinquent.

17.2. Time of the Essence. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

17.3. Withholding of Consent. Except where this Agreement expressly obligates Company to reasonably approve or not unreasonably withhold its approval of any action or request by Franchisee, Company has the absolute right to refuse any request by Franchisee or to withhold its approval of any action by Franchisee. Further, whenever the consent or approval of Company is required under this Agreement such consent or approval must be in writing unless this Agreement specifies otherwise.

17.4. Waiver. Any waiver granted by Company to Franchisee excusing or reducing any obligation or restriction imposed under this Agreement shall be in writing and shall be effective on delivery of such writing by Company to Franchisee or on such other effective date as specified in the writing, and only to the extent specifically allowed in such writing. No waiver granted by Company, and no action taken by Company, with respect to any third party shall limit Company's discretion to take action of any kind, or not to take action, with respect to Franchisee. Any waiver granted by Company to Franchisee shall be without prejudice to any other rights Company may have. The rights and remedies granted to Company are cumulative. No delay on the part of Company in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Company of any right or remedy shall preclude Company from fully exercising such right or remedy or any other right or remedy. Company's acceptance of any payments made by Franchisee after a breach of this Agreement shall not be, nor be construed as, a waiver by Company of any breach by Franchisee of any term, covenant, or condition of this Agreement.

17.5. Section Headings; Language. The section headings used in this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. The language used in this Agreement shall in all cases be construed simply according to its fair meaning and not strictly for or against Company or Franchisee. The term "Franchisee" as used herein is applicable to one or more persons, corporations, partnerships or entities, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the masculine and the feminine. If two or more persons are at any time the Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Company shall be joint and several. Nothing in this Agreement is intended, nor shall it be deemed, to confer any rights or remedies on any person or entity not a Party hereto. Whenever this Agreement refers to "business days," it shall mean weekdays only, excluding Saturdays, Sundays, and holidays.

17.6. Binding on Successors. Subject to the restrictions contained herein on assignment by Franchisee, the covenants, agreements, terms, and conditions contained in this Agreement shall be binding on, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the Parties hereto.

17.7. Validity; Conformity with Applicable Law. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement. 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 be deemed to be automatically amended to conform them to the provisions of such applicable law. To the extent any provision of this Agreement is deemed unenforceable by virtue of its scope in terms of geographic area, business activity prohibited and/or length of time, but could be enforceable by reducing any or all thereof, the Parties agree that the provision shall be enforced to the fullest extent permissible, under the laws of the jurisdiction in which enforcement is sought.

17.8. Amendments. No amendment, change, modification or variance to or from the terms and conditions set forth in this Agreement shall be binding on any Party unless it is set forth in writing and executed: (i) on behalf of Franchisee by Franchisee or, if Franchisee is not a natural person, by an authorized agent or officer of Franchisee; and (ii) on behalf of Company; by any duly authorized officer of Company.

17.9. Complete Agreement. This Agreement, including all exhibits and addendums attached hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof, sets forth the entire agreement between the Parties, fully superseding any and all prior agreements or understandings between them pertaining to the subject matter hereof. There are no representations, warranties, promises or inducements, either oral or written, except those contained in this Agreement. However, nothing in this Agreement, the exhibits or any related agreement or document is intended to disclaim representations which Company has made in Company's Franchise Disclosure Document, which Franchisee acknowledges has been furnished to Franchisee. .

17.10. Covenant and Condition. Each provision of this Agreement performable by Franchisee shall be construed to be both a covenant and a condition.

17.11. Submission of Agreement. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement shall become effective only on execution by Company and Franchisee.

17.12. Spousal Consent. If the Party entering into this Agreement as Franchisee is a married individual and the Party's spouse is not a party to this Agreement, Franchisee's spouse shall execute the Spousal Consent attached as **Exhibit "E."**

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE APPEARS IN THE NEXT PAGE]

17.13 Governing Law. This Agreement shall be governed by the laws of the State of California without regard to its choice of law provisions. The Parties hereby expressly consent to personal and exclusive jurisdiction of the state and federal court sitting in Los Angeles County, California.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date stated as the Effective Date.

[Company]

WATERIA CA, LLC

By:_____

Its: _____

[Franchisee]

_____
[Signature]

_____
[Print Name]

[Name of Corporation or Partnership]

By:_____

Its: _____

EXHIBIT "A"

FRANCHISE LOCATION

The street address of the Franchise Location is as follows:_____

Dated: _____

[Company]

WATERIA CA, LLC

By:_____

Its: _____

[FRANCHISEE]

[Name:]

_____
[Signature]

_____
[Print Name:]

[Name 2:]

_____
[Signature]

_____
[Print Name:]

[Name 3:]

_____
[Signature]

_____
[Print Name:]

EXHIBIT "A"

EXHIBIT "B"

DESCRIPTION OF TERRITORY

Franchisee's Territory is the following geographic area: _____

_____

(Complete if applicable) The Territory includes all or a portion of the following zip codes as of the Effective Date:

_____

Dated: _____

[Company]

WATERIA CA, LLC

By:_____

Its: _____

[FRANCHISEE]

[NAME:]

_____
[Signature]

_____
[Print Name]

[Name 2:]

_____
[Signature]

_____
[Print Name:]

[Name 3:]

_____
[Signature]

_____
[Print Name:

EXHIBIT "B"

“EXHIBIT C”

PERSONAL GUARANTY

The undersigned individual ("Guarantor"), to induce and cause WATERIA CA, LLC ("Company"):

(i) to enter into that certain Franchise Agreement dated _____, 202[ ]_(the "Franchise Agreement") with _____ as Franchisee (the "Franchisee");

(ii) to permit assignment of the Franchise Agreement to the Franchisee by the individual(s) who are the original signatories of the Franchise Agreement as Franchisee, or

(iii) as otherwise required as a condition of the Franchise Agreement, Guarantor voluntarily enters into this Guaranty Agreement ("Guaranty") for the benefit of Company and unconditionally, jointly and severally, personally guarantee(s) to Company, its successors and assigns, the full, timely and complete payment and performance of all obligations of the Franchisee which are or may become due and owing to Company or to any entity affiliated with Company, including, but not limited to, all obligations arising out of the Franchise Agreement by and between the Franchisee and Company or any entity now or hereafter affiliated with Company, and any other agreement now or hereafter existing between Company and the Franchisee (collectively, the "Guaranteed Obligations") in the same manner as if the Franchise Agreement or other agreement was entered into by Company and Guarantor, directly. The obligations of Guarantor under this Guaranty are independent of the obligations of the Franchisee or any other guarantor, and shall be continuing and irrevocable until all of the Guaranteed Obligations have been fully satisfied.

1. **Waivers; Amendments**.

a. Guarantor waives (i) notice that Company accepted, or will accept, money or other consideration from the Franchisee or for the Franchisee's benefit, (ii) notice that the Franchisee incurred, or will incur, any new or additional obligations or liability to Company or to any entity affiliated with Company, and (iii) any and all other notices and demands to which it may be entitled under applicable law.

b. Guarantor waives all rights to determine how, when and what application of payments and credits will be made on the Guaranteed Obligations.

c. This Guaranty shall not be affected by the amendment, modification, extension or renewal of any agreement between Company and the Franchisee, by the creation or incurring of new or additional Guaranteed Obligations, the taking of security for payment, the granting of additional time for payment, the filing by or against the Franchisee of bankruptcy, insolvency, reorganization or other debtor's relief afforded under any present or future law or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals.

d. This Guaranty shall not be affected by any defect in the genuineness, validity, regularity, or enforceability of the Franchisee's obligations or liability to Company, or any other circumstances, whether or not referred to herein, which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

e. Guarantor waives any and all benefits it may otherwise be entitled to as a guarantor or surety under applicable law, including the provisions of California Civil Code §§2787 through 2855.

f. Guarantor's liability under this Guaranty shall not be contingent on Company's exercise or enforcement of any remedy it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Company may at any time possess.

2. **Subordination**. Guarantor covenants and agrees that any indebtedness by the Franchisee to Guarantor for any reason, currently existing or which might arise after the date hereof, shall at all times be inferior and subordinate to any indebtedness owed by the Franchisee to Company. As long as the Franchisee owes any monies to Company (other than fees or payments that are not past due), the Franchisee will not pay, and Guarantor will not accept payment of, any part of any indebtedness which may be owed by the Franchisee to Guarantor, either directly or indirectly, without Company's prior written consent.

3. **Joint and Several Liabilities**. If more than one person executes a personal guaranty in favor of Company (whether or not in identical form), guarantying the Franchisee's payment or performance of the Guaranteed Obligations, each individual shall be jointly and severally liable for the Guaranteed Obligations. Company shall have recourse against any one guarantor, or all of them, and its election to pursue recourse against fewer than all guarantors shall not discharge the others. Company may partially or fully release the Franchisee or any other guarantor without obtaining Guarantor's consent and without affecting or impairing Guarantor's obligations under this Guaranty.

4. **Cumulative Remedies**. All rights and remedies of Company under this Guaranty are cumulative and not alternative, and such rights and remedies are in addition to those given to Company by applicable law.

5. **Governing Law & Dispute Resolution**. California law shall govern the construction, interpretation, validity, and enforcement of this Guaranty. Any dispute arising from or relating to this Guaranty, also including any claim that this Guaranty (including this Section 5) was induced by misrepresentation or fraud, shall be resolved by arbitration according to the Commercial Rules of Arbitration of American Arbitration Association. Arbitration shall be conducted by a single arbitrator. The arbitration shall be conducted in Los Angeles, California. The arbitrator shall have authority to award or include in the award any relief which the arbitrator deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from the due date), specific performance and injunctive relief. Discovery shall be permitted in the arbitration in accordance with California Code of Civil Procedure Section 1283.05

and 1283.1(b). Judgment on the award of the arbitrator may be entered in and enforced by any court of competent jurisdiction. This arbitration provision is self-executing and a properly noticed arbitration may proceed despite a Party's failure to appear or participate. This agreement to arbitrate shall continue in effect, subsequent to and regardless of expiration or termination of this Agreement.

6. **General**.

a. All notices required or permitted to be given to either Party shall be in writing and shall be deemed duly given on the earlier of: (i) the date when delivered by hand; (ii) one business day after delivery to a reputable national overnight delivery service; or (iii) four (4) business days after being placed in the United States Mail and sent by certified or registered mail, postage prepaid, return receipt requested. All notices shall be addressed as follows:

If to Guarantor: _____ _____ _____
_____ _____ _____
_____ _____ _____
Email(s): _____ _____ _____

If to Company: 13120 Barton Road
Whittier, CA 90605
Email: info@wateriausa.com
Phone: (562) 906-1001

Either Party may change its address for receiving notices by appropriate written notice to the other.

b. This Guaranty shall be binding on, and shall benefit, Guarantor's successors-in- interest, heirs, and personal representatives.

c. This Guaranty sets forth the entire agreement between the Parties, fully superseding any and all prior agreements or understandings between them pertaining to the subject matter hereof. No amendment, change, modification, or variance to or from the terms and conditions set forth in this Guaranty shall be binding unless it is set forth in a writing and duly executed by Guarantor.

d. No waiver of any default under this Guaranty shall be effective unless the waiver is evidenced by a writing duly executed by Company. No such waiver shall constitute a continuing waiver of the same or any other default or provision of this Guaranty or render unnecessary Company's consent to or approval of any other act or subsequent act.

If Guarantor is a married individual and his or her spouse is not also required by Company to execute this Guaranty as a guarantor, Guarantor's spouse shall execute the Spousal Consent attached as Exhibit "E."

IN WITNESS WHEREOF, Guarantor has executed this Guaranty on the date set forth hereinabove.

"Guarantor"

_____

_____
Print Name

Dated: _____

"Guarantor"

_____

_____

Print Name

Dated: _____

"Guarantor"

_____

_____

Print Name

Dated: _____

EXHIBIT "C"

EXHIBIT "D"

ACH AUTHORIZATION FORM

DEPOSITOR (NAME OR LEGAL ENTITY): _____

Located at _____

The undersigned depositor ("Depositor") hereby authorizes WATERIA CA, LLC (Franchisor) to initiate debit entries and credit correction entries to Depositor's checking or savings account indicated below and Depositor hereby authorizes the depository designated below ("Bank") to debit or credit such account pursuant to Franchisor's instructions. This authorization is to remain in full force and effect until ninety (90) days after Franchisor has received written notification from Depositor of its termination.

DEPOSITOR & BANK INFORMATION

Depositor Name:
Depositor Address:
Bank Name:
Bank (Branch) Address:
Depositor Routing Number:
Depositor Account Number to Debit:

The undersigned representative of Depositor represents and warrants to WATERIA CA, LLC and the Bank that the person executing this ACH Authorization Form is an authorized signatory on the account referenced above and all information regarding the account is true and correct.

Signature	
Print Name /Title	
Date	

EXHIBIT "D"

EXHIBIT "E"

CONSENT OF SPOUSE

The undersigned, as spouse of the person whose name appears beneath my signature below, acknowledges and signs this Consent, with regard to the following:

(1) Franchise Agreement dated _____by and between WATERIA CA, LLC, a California corporation ("Company") and_____.

(2) Agreement Request Form dated _____by and between WATERIA CA, LLC, a California corporation ("Company") and _____.

(3) Personal Guaranty dated _____ by the undersigned's spouse.

(4) Addendum to Lease dated _____ by and between the Company and_____.

(5) Confidentiality Agreement dated _____ by and between the Company and _____.

For this Consent of Spouse, the items indicated above shall individually and collectively be referred to as, the **"Agreement(s)".**

I acknowledge and confirm that I have read and understand the Agreement(s) and obtained explanation of any provisions I did not understand so that I now understand such provisions. I acknowledge that I have the right and had the opportunity to seek independent legal counsel and was fully advised by counsel as to all my rights, interests and obligations relating to the Agreement(s) and the contemplated transactions, or I voluntarily chose not to retain independent legal counsel. I consent to, approve of and agree with the execution and delivery of the Agreement(s) and the consummation of the transactions by my spouse with the understanding that I may have a beneficial interest, community property interest, quasi-community property interest

or other interest in the property rights of my spouse which are the subject of the Agreement(s) and which, by this consent and the Agreement(s) are made subject to the Agreement(s).

I understand the terms and conditions in the Agreement(s) and consent to and agree to be bound by all terms and provisions of the Agreement(s). I acknowledge that I signed this consent voluntarily and of my own free will without relying on any promise, commitment or other inducement by the Company, my spouse, partner or any other person. I promise not to take any action at any time to hinder the transactions contemplated in the Agreement(s).

Date: _____

Signature:_____

Print Name:_____

Spouse of: _____ (please print)

EXHIBIT "E"

EXHIBIT "E"

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT is made as of _____("Effective Date") by _____ (individually and/or jointly, "Potential Franchisee") in favor of and for the benefit of Wateria CA, LLC.

RECITALS

Potential Franchisee has expressed interest in purchasing a franchise from Wateria CA, LLC to develop a Wateria Retail Store ("Franchise"). In order to evaluate the possibility of purchasing a Franchise from Wateria CA, LLC, Potential Franchisee desires to receive from Wateria CA, LLC certain proprietary and confidential business information. Potential Franchisee recognizes the importance of maintaining the confidentiality of this information.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Prospective Franchisee agrees as follows:

1. Confidential Information

A. Definition of Confidential Information. As used in this Agreement, the term "Confidential Information" means all information about Wateria CA, LLC, Wateria, Wateria USA, LLC or its affairs that Wateria CA, LLC or its representatives furnish to Potential Franchisee. Confidential Information includes, but is not limited to, Wateria CA, LLC's confidential and proprietary Manual, or any portion of its contents, trade secrets, know-how, methodologies, processes, formulas, specifications, Wateria CA, LLC system information, operating procedures and standards, technical information, statistics, software, hardware, materials, plans, designs, schematics, reports, studies, notes, analyses, summaries, business, market and development plans and programs, financial information and projections, information regarding the retail and commercial operations of Wateria CA, LLC and its affiliates, and all information that: (1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; or (3) is designated by Wateria CA, LLC as confidential or proprietary. Confidential Information may be in written form or obtained orally. As used in this Agreement, the term "representatives" of a party shall include the directors, officers, employees, shareholders or other securities holders, partners, members, trustees, agents, lenders, advisors, subsidiaries and other foreign and domestic affiliates and/or related entities of a party.

B. Treatment of Confidential Information. Potential Franchisee acknowledges, understands and agrees that the Confidential Information: (1) is the exclusive and confidential property of Wateria CA, LLC or its affiliates and incorporates trade secrets and copyrights owned by them; (2) gives Wateria CA, LLC and its affiliates some competitive business advantage or the opportunity of obtaining such an advantage, the disclosure of which could be detrimental to the interests of Wateria CA, LLC and its affiliates; and (3) is not generally known by non-Wateria CA,

LLC personnel. Potential Franchisee shall at all times treat the Confidential Information in accordance with this Agreement.

C. Waiver of Warranty. Although Potential Franchisee acknowledges, understands that Wateria CA, LLC has endeavored to include in the Confidential Agreement information materially known to it which it believes to be relevant for Potential Franchisee's purposes, Potential Franchisee understands that Wateria CA, LLC does not make any representation or warranty as to the accuracy or completeness of the Confidential Information. Potential Franchisee further acknowledges that Wateria CA, LLC has not and will not make representations or warranties as to the potential sales at a Wateria CA, LLC retail store(s), and no information supplied by Wateria CA, LLC shall be construed as a prediction of future sales. Potential Franchisee agrees that neither Wateria CA, LLC nor its representatives shall have any liability to Potential Franchisee, Potential Franchisee's representatives or any other person resulting from the use of the Confidential Information.

D. No License Given. This Agreement entitles Potential Franchisee to use the Confidential Information solely in connection with Potential Franchisee's exploration of the opportunity to purchase a Franchise. No license, express or implied, in the Confidential Information is granted to Potential Franchisee other than to use the Confidential Information in the manner and to the extent authorized by this Agreement.

2. Further Obligations of Potential Franchisee.

As a consequence of Potential Franchisee's acquisition or anticipated acquisition of Confidential Information, Potential Franchisee will occupy a position of trust and confidence with respect to Wateria CA, LLC's affairs and business. In view of the foregoing, Potential Franchisee agrees that it is reasonable and necessary that Potential Franchisee agree, while this Agreement is in effect, to the following:

A. No Disclosure. Potential Franchisee shall use the Confidential Information solely for purposes of evaluating whether or not Potential Franchisee will purchase a Franchise. Potential Franchisee shall not disclose the Confidential Information to any person or entity other than to Potential Franchisee's attorney, accountant or other representatives as necessary to evaluate the opportunity provided by Wateria CA, LLC and agree to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Potential Franchisee uses to protect Potential Franchisee's confidential information. Potential Franchisee represents that it has its own procedures in place to assure that its representatives are aware of their obligations to retain in confidence any Confidential Information they receive. Without in any way limiting the generality of Potential Franchisee's obligations under this Agreement, Potential Franchisee acknowledges and agrees that in no event will Potential Franchisee disclose any of the Confidential Information to any of Wateria CA, LLC's competitors.

B. No Use, Copying or Transfer. Potential Franchisee shall not use, copy or transfer Confidential Information in any way and shall protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Potential Franchisee uses to protect Potential Franchisee's confidential

information. Potential Franchisee further agrees not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any Confidential Information,

C. Applicability. These covenants shall apply to all Confidential Information disclosed to Potential Franchisee by Wateria CA, LLC prior to the date of this Agreement.

D. Return and/or Destruction of Confidential Information. If, at any time, Wateria CA, LLC determines that it does not wish for Potential Franchisee to purchase a Franchise or Potential Franchisee determines that it does not wish to purchase a Franchise, or if Wateria CA, LLC requests, at any time and for any reason, that Potential Franchisee do so, Potential Franchisee agrees to: (1) immediately cease to use the Confidential Information; (2) immediately return, or destroy, the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and (3) at the request of Wateria CA, LLC, certify in writing that Potential Franchisee and all others to whom Potential Franchisee has provided such Confidential Information, have complied with subsections (I) and (2) above.

E. Injunctive Relief. Potential Franchisee understands that any violation of this Agreement will cause Wateria CA, LLC immediate and irreparable harm, which money damages cannot adequately remedy. Therefore, upon any actual or impending violation of this Agreement, Potential Franchisee hereby consents to issuance by the federal or state court having jurisdiction where Wateria CA, LLC's principal office is located or, at Wateria CA, LLC's election, any other court that may, assume jurisdiction, of any restraining order, preliminary and/or permanent injunction, without bond, restraining or enjoining such violation by Potential Franchisee or any entity or person acting in concert with Potential Franchisee. Potential Franchisee understands that such orders are additional to and do not limit the availability of any other remedy.

IN WITNESS WHEREOF, the undersigned Potential Franchisee has signed and delivered this Agreement as of the day and year above written.

POTENTIAL FRANCHISEE:

_____

By:_____

Print Name:_____

Date:_____

EXHIBIT "E"

EXHIBIT "F"

ADDENDUM TO LEASE DATED _____, 20 ___
BY AND BETWEEN _____ , LANDLORD AND
_____TENANT

RE: RIGHTS OF WATERIA CA, LLC, a California Limited Liability Company ("Company")

RECITALS

A. Company and Tenant (hereinafter referred to as "Tenant" and/or "Franchisee") are parties to a Franchise Agreement dated, _____ 20___ (the "Franchise Agreement"), pursuant to which Company granted Franchisee a franchise and license to use the Wateria system and Wateria Marks in the operation of a Wateria Retail Store at a designated Franchise Location, as such capitalized terms are defined in the Franchise Agreement, on the terms and conditions stated in the Franchise Agreement.

B. Company approved Franchisee's request to locate its Wateria Retail Store on the property which is the subject of this Lease, provided that the conditions and agreements stated in this ADDENDUM TO LEASE DATED _____, 20___ BY AND BETWEEN _____, LANDLORD AND _____, TENANT "Addendum" are part of the Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment.

(a) Franchisee irrevocably assigns and transfers to Company all of Franchisee's right, title, and interest in and to this Lease and all options contained therein. This assignment may not be revoked without Company's prior written consent, and may be accepted by Company and/or any assignee, transferee, or a successor-in-interest to Company (any such person or entity being referred to herein as "Assignee"), and take effect at any time under the terms and provisions of this Addendum.

(b) Until Assignee accepts the assignment herein, Assignee shall have no obligations, liabilities, or responsibilities under this Lease or otherwise, including but not limited to obligations of the Landlord and/or Tenant hereunder, or any obligations as a guarantor or indemnitor.

2. Use of the Premises as Wateria Retail Store.

(a) Notwithstanding anything to the contrary in this Lease, until Company delivers to Landlord notice in writing that grounds exist for termination of the Franchisee Agreement:

(i) The Premises shall be used solely for the operation of a Wateria Retail Store and only during the operating hours established by Company, subject to local zoning restrictions, if any.

(ii) Franchisee shall have the right to display all of the Wateria Marks, as they may be modified by Company from time to time. All exterior signs of Franchisee, all monuments, and signs shall comply with the specifications provided by the Company or such additional Specifications as may be reasonably adopted by Company.

(iii) Company shall have the right to enter the Premises to inspect Franchisee's operation of the Wateria Retail Store and engage in all activities expressly permitted by the Franchise Agreement.

(b) if Company notifies Landlord in writing that grounds exist for termination of the Franchise Agreement, Franchisee thereafter will not engage in, and Landlord shall not thereafter permit, the sale of any and all Wateria goods and services at the Premises.

(c). Landlord agrees that during the term hereof, and for a period of two (2) years thereafter, not to allow:

(i) Any retail sale of purified, alkaline and oxygenated water that are similar to the goods and services that were offered by the Wateria Retail Store on the Premises;

(ii) Any tenant in the building where the Premises is located to sell any purified, alkaline and oxygenated water or similar variation incorporating the name "Water" and/or “Wateria” in the menu item description.

3. Default in Franchise Agreement.

(a) Franchisee's default under the Franchise Agreement, for any reason, shall constitute an event of default under this Lease, which can be cured only if the Franchise Agreement default is timely cured by the Franchisee.

4. Notice to Company.

(a) On request from Company, Landlord shall furnish Company with copies of all information pertaining to sales and activities of the Wateria Retail Store in Landlord's possession, including copies of correspondence and reports received from Franchisee or reports prepared by others about the Wateria Retail Store.

(b) Landlord shall promptly furnish Company and Franchisee with a copy of any notice, report or citation which Landlord receives:

(i) Concerning an unhealthy, unsanitary, or unclean condition at Franchisee's Wateria Retail Store; or

(ii) Asserting, suggesting, or alleging that activities at, or the physical condition of, the Premises may, or do, violate any law or regulation.

5. Default by Tenant (Franchisee).

(a) Landlord agrees it shall not terminate or purport to terminate this Lease because of any actual or claimed default or breach hereunder by Franchisee if Assignee, within sixty (60) days after service of written notice on Company from Landlord of Landlord's intention to terminate this Lease for such breach or default, shall:

(i) Cure the breach or default if it can be cured by payment or expenditure of money provided to be paid under the terms of this Lease, specifically including, but limited to, payment of Rent, or if the default or breach is not so curable, commence and thereafter pursue to completion the steps and proceedings to obtain possession of the property, and thereafter cure the default.

(ii) Keep and perform all the covenants and conditions of this Lease, requiring the payment or expenditure of money by Tenant until such time as Assignee shall have had the opportunity to terminate the leasehold interest of Franchisee, provided, however, that if Assignee fails or refuses to comply with the conditions of this section, then, and thereon, Landlord shall be released from the covenants of forbearance with respect to that breach or default.

(iii) Assignee shall have no obligation to comply with the conditions of this section. If Assignee shall fail or refuse to comply with the conditions of this section, then and thereon Landlord shall be released from the conditions of forbearance with respect to that breach or default, and such release shall be the only remedy available to Landlord.

6. Acceptance of Assignment by Assignee.

(a) Assignee shall have the right to accept the assignment herein if (1) either the Franchise Agreement expires or is terminated for any reason, or (2) Franchisee loses the right to occupy the Premises for any reason prior to expiration of the Lease. If Assignee accepts the assignment, Franchisee shall be deemed to be, from and after acceptance, a sublessee of Assignee on the terms and conditions in this Lease. All obligations of Franchisee to Landlord shall be deemed to be obligations of Franchisee to Assignee, and Assignee shall have all rights of a sublessor to terminate Franchisee's rights under this Lease as a sublessee, and to exercise all rights which the Landlord would have had and does have to obtain immediate possession of the Premises, to terminate the sublease, or any other remedy provided by law.

(b) Assignee may accept the assignment by communicating in writing to Landlord of Assignee's acceptance of this Assignment.

7. Rights of Assignee Upon Acceptance of Assignment.

(a) If Assignee accepts the assignment herein contained, then:

(i) Assignee shall have all rights of Franchisee under and to said Lease;

(ii) Assignee shall have the right to assign, transfer, mortgage, or otherwise transfer, encumber, or sublet (collectively "Transferring") all or any part of its interest in this Lease or in the Premises, without Landlord's prior consent.

(iii) Assignee shall be liable to perform the obligations of Franchisee under this Lease arising from and after the acceptance of the assignment by Assignee and continuing so long as Assignee holds title to the leasehold. Assignee shall have no obligation to perform any obligations of Franchisee which Franchisee did not perform prior to default unless said obligations were specifically set forth in the notice to Company provided in Section 5 above.

8. No Voluntary Surrender or Amendment.

(a) For the benefit of Company, Landlord agrees not to accept a voluntary surrender of this Lease at any time before Landlord receives written notice that the Franchise Agreement between Company and Franchisee has been terminated. Landlord or Franchisee shall not subordinate or subject this Lease to any mortgage or encumbrance which may hereafter be placed on the fee or amend or alter any term or provision of this Lease without securing Company's prior written consent. Landlord and Franchisee shall not enter into any amendment or modification of this Lease without Company's prior written consent. Any purported amendment or modification made without Company's prior written consent shall not bind any Assignee.

9. Notices.

(a) All notices and other communications required or permitted to be given by the parties under this Addendum (including any acceptance of the assignment by Assignee) shall be in writing.

Company: WATERIA CA, LLC
13120 Barton Road
Whittier, CA 90605
Email: info@wateriausa.com
Phone: (562) 906-1001

Landlord:

_____

_____

_____

Tenant (Franchisee):

_____

_____

_____

Any party may change its address for receiving notices by appropriate written notice to the other parties.

(d) Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party charged with making the waiver and effective only to the extent specifically allowed in such writing. No waiver shall constitute a continuing waiver of the same or a waiver of any other provision.

(e) The provisions in this Addendum shall be construed simply according to their fair meanings and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies on any person or entity not a party hereto.

(f) This Addendum shall bind, and shall benefit, the successors, assigns, heirs, and personal representatives of the parties. The rights of Company hereunder may be assigned on one or more occasions in Company's sole discretion.

(g) This Addendum states the entire agreement with regard to the rights of Company, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. No amendment, change, modification, or variance to or from the terms and conditions in this Addendum shall be binding on any party unless set forth in a writing duly executed by each party.

[INTENTIONALLLY LEFT BLANK] – PARAGRAPH 10 OF THE ADDENDUM FOLLOWS ON THE NEXT PAGE

10. Waiver of Jury Trial.

LANDLORD, FRANCHISEE (TENANT) AND COMPANY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM, OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD, TENANT OR COMPANY ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS ADDENDUM, THE RELATIONSHIP OF LANDLORD, FRANCHISEE (TENANT) AND ASSIGNEE, THE USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, REGULATION, EMERGENCY, OR OTHERWISE NOW OR HEREAFTER IN EFFECT.

COMPANY: WATERIA CA, LLC

BY:_____

PRINT NAME: _____

LANDLORD: _____

BY:_____

PRINT NAME: _____

TENANT (FRANCHISEE): _____

BY:_____

PRINT NAME: _____

EXHIBIT "F"

EXHIBIT "G"

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EXHIBIT "G"

EXHIBIT H

LIST OF FRANCHISEES

NONE

EXHIBIT H

EXHIBIT I

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

NONE

EXHIBIT I

EXHIBIT J

STATE SPECIFIC ADDENDUM

California

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, approved by the Department of Financial Protection & Innovation before a solicitation of a proposed material modification of an existing franchise.

3. The Franchise Agreement requires binding arbitration. The arbitration will occur in Los Angeles County, California with the costs being borne equally by both parties. Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement that restricts venue to a forum outside of California.

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

5. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

6. The Franchise Agreement requires you to execute a general release of claims upon transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

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

8. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

9. Our website has not been reviewed or approved by the California Department of Financial Protection & Innovation; any complaints concerning the content of this website may be directed to the California Department of Financial Protection & Innovation at www.dfpi.ca.gov.

10. Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (15

U.S.C.A. §78A et seq.), suspending or expelling these persons from membership in such association or exchange.

11. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

12. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Note: maximum price agreements are not per se violations of the Sherman Act.

13. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

Illinois

Many states have status concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute (915 ILCS 705/19 and 705/20).

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

The Franchise Agreement includes a choice of law clause designating another state's law as the governing law. Under Illinois law, a Franchise Agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 17 w. is amended to state "none" under the heading for "Summary." The Franchise Agreement is amended to omit Section XXV.

The Franchise Agreement requires franchisee to sign a release of claims as a condition for transfer or renewal of the franchise. Under the law of Illinois, any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise disclosure law of Illinois is void. Accordingly, insofar as the Franchise Agreement requires franchisee to waive franchisee's rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring franchisee to sign a release of claims as part of a negotiated settlement of a dispute.

Maryland

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

The Franchise Agreement says that franchisor may require franchisee to sign a release of claims, other than claims that may not be waived in advance under applicable law, as a condition of renewal or transfer of your franchise. Under Maryland law, the release will not apply to any liability under the Maryland Franchise Registration and Disclosure law.

Under the Franchise Agreement, franchisee must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland franchise law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the franchise is granted.

Michigan

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the

expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL. A FRANCHISE SHALL NOT BE SOLD IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST TEN (10) BUSINESS DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR AT LEAST TEN (10) BUSINESS DAYS BEFORE THE RECEIPT OF ANY CONSIDERATION,

WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE STATEMENT DESCRIBED IN THIS STATUTE.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division

Attn: Marilyn McEwen

670 Law Building

Lansing, Michigan 48913

(517) 373-7117

Minnesota

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party.

Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The Franchise Agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C. 14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement.

The Franchise Agreement requires you to sign a release of claims as a condition of renewing or transferring a franchise. Minnesota Rule Part 2860.4400J prohibits franchisor from requiring franchisee to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

The Franchise Agreement provides that franchisor is entitled to a temporary injunction or decree of specific performance. The Franchise Agreement is amended to provide that we are entitled to seek a temporary injunction or decree of specific performance if we can demonstrate to a court of competent jurisdiction that there is substantial likelihood of franchisee's breach or threatened breach of any of the terms of the Franchise Agreement, not that franchisor is necessarily entitled to obtain this relief.

Under Minnesota law, any claim arising under §80C may be brought within three years after the cause of action accrues. The Franchise Agreement is amended to provide for a three-year period within which to bring any Minnesota claims.

New York

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH FRANCHISEE ABOUT ITEMS COVERED IN THIS PROSPECTUS. 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 PROSPECTUS.

Except as stated in Item 3 of this Disclosure Document, neither the franchisor, its predecessor or predecessors nor any person or sales agent identified in Item 2 of this Disclosure Document: (i) has pending any administrative, criminal, or material civil action (or a significant number of civil actions irrespective of materiality) alleging a felony, violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; (ii) 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 a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; (iii) is subject to any injunctive or restrictive order or decree relating to franchises or under Federal or State franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

Neither the franchisor, its affiliate, its predecessor, officers, nor general partner during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The introduction to Item 17 is amended to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

The Summary column of Item 17d is amended to read: "You may terminate upon any grounds permitted by law." The Summary column of Item 17j is amended to read: "We may assign only to a financially responsible assignee that we reasonably believe is capable of performing its obligations under the franchise agreement and which expressly assumes these obligations in writing."

The Summary column in Item 17w is amended to add the following: "The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

North Dakota

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 17c is revised to omit any requirement that a general release be signed as a condition of renewal.

Item 17r is amended to add the following: "To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota."

Item 17u is amended to omit any reference to the location or mediation or arbitration.

Item 17w is amended to state "None."

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

South Dakota

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under

South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that trademark issues are to be under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cur the default prior to termination. Under SDL 37-5A-86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter, or any rule or order is avoid.

An acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

Washington

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

In Washington, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

The Franchise Agreement requires application of the laws of a state other than Washington. If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chap. 19.100 RCW, will prevail.

The Franchise Agreement requires franchisee to sign a release of claims as a condition of renewing or transferring the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act.

Under Washington law, transfer fees may be collected only to the extent that they reflect the franchisor's reasonable estimated or actual costs in connection with the transfer.

EXHIBIT J

EXHIBIT "K"

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	Pending
Hawaii	May 17, 2020
Illinois	Pending
Indiana	May 20, 2020
Maryland	Pending
Michigan	May 10, 2020
Minnesota	May 23, 2020
New York	June 15, 2020
North Dakota	May 10, 2020
Rhode Island	May 11, 2020
South Dakota	May 10, 2020
Virginia	May 31, 2020
Washington	Pending
Wisconsin	May 9, 2020

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 FRANCHISE DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS FRANCHISE DISCLOSURE DOCUMENT AND AGREEMENTS CAREFULLY.

If Wateria CA, LLC offers you a franchise, Wateria CA, LLC must provide this Franchise Disclosure Document, including all exhibits, to you by the earliest of:

(1) The first personal meeting to discuss your franchise; or

(2) Fourteen (14) calendar days before signing of a Binding Agreement; or

(3) Fourteen (14) calendar days before any payment to Wateria CA, LLC.

You must also receive a Franchise Agreement containing all material terms at least five (5) business days before you sign any Franchise Agreement.

IF WATERIA CA, LLC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, 320 W. 4TH STREET, #750, LOS ANGELES, CA 90013-2344.

The name, principal business address, and telephone number of the franchise seller offering the franchise is; Kelly N. Choi, 13120 Barton Road, Whittier, CA 90605, (562) 906-1001. Wateria CA, LLC's authorized agent for service of process is: Kelly N. Choi, 13120 Barton Road, Whittier, CA 90605.

I have received Wateria CA, LLC's Uniform Franchise Disclosure Document dated effective as of _____, 202__. This Franchise Disclosure Document included the following Exhibits:

Exhibit A:	State Administrators/Agent for Service of Process
Exhibit B:	Financial Statement
Exhibit C:	Agreement Request Form
Exhibit D:	Franchise Agreement
Exhibit E:	Confidentiality Agreement
Exhibit F:	Addendum to Lease
Exhibit G:	Table of Contents of Confidential Operating Manual
Exhibit H:	List of Franchisees
Exhibit I:	List of Franchisees who Have Left the System
Exhibit J:	State Specific Addendum
Exhibit K:	State Effective Dates

Date: _____ _____

Signature of Prospective Franchisee

_____

[Print Name of Prospective Franchisee]

[Your Copy - Please Retain with your copy of our Franchise Disclosure Document.]

RECEIPT

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Date: _____ _____

Signature of Prospective Franchisee

_____

[Print Name of Prospective Franchisee]

[Our Copy - Please sign and return to us before retaining your copy of our Franchise Disclosure Document.]